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# SAN FRANCISCO PORT COMMISSION

Rodney Fong, President  
Stephanie Shakofsky, Vice President  
Kimberly Brandon, Commissioner  
Michael Hardeman, Commissioner  
Ann Lazarus, Commissioner

Monique Moyer, Executive Director      Amy Quesada, Commission Secretary  
Phone: 415-274-0400; Fax: 415-274-0412      Phone: 415-274-0406; Fax: 415-274-0412

## AGENDA

TUESDAY, JANUARY 12, 2010

2:00 P.M. CLOSED SESSION

3:15 P.M. OPEN SESSION

PORT COMMISSION HEARING ROOM, SECOND FLOOR  
FERRY BUILDING, SAN FRANCISCO, CA 94111

PLEASE NOTE THE TIME OF THE MEETING

*The Port Commission Agenda as well as Staff Reports/Explanatory Documents available to the public and provided to the Commission are posted on the Port's Website at [www.sfport.com](http://www.sfport.com). The agenda packet is also available at the Pier 1 Reception Desk.*

*If any materials related to an item on this agenda have been distributed to the Port Commission after distribution of the agenda packet, those materials are available for public inspection at the Port Commission Secretary's office located at Pier 1 during normal office hours.*

1. CALL TO ORDER / ROLL CALL

2. APPROVAL OF MINUTES - December 8, 2009

3. PUBLIC COMMENT ON EXECUTIVE SESSION

4. EXECUTIVE SESSION

GOVERNMENT  
DOCUMENTS DEPT

JAN - 8 2010

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- A. Vote on whether to hold closed session to confer with Legal Counsel and Real Property Negotiator.

01-08-10P02:18 RCVD

(1) CONFERENCE WITH LEGAL COUNSEL REGARDING EXISTING LITIGATION MATTERS.

- a. Discuss existing litigation matter pursuant to Section (a) of California Government Code Section 54956.9 (a) and San Francisco Administrative Code Section 67.10(d):

# MEMORANDUM FOR THE RECORD

TO : Mr. Tolson  
FROM : Mr. [illegible]  
SUBJECT: [illegible]

1. [illegible]

2. [illegible]

3. [illegible]

4. [illegible]

5. [illegible]

6. [illegible]

7. [illegible]

8. [illegible]

- City & County of San Francisco by and through its Port Commission vs. William Dawson d.b.a. Seafood Suppliers, Inc.  
Superior Court of the State of California, County of San Francisco  
(Case No. CUD-09 629-282).

(2) **CONFERENCE WITH REAL PROPERTY NEGOTIATOR** – This is specifically authorized under California Government Code Section 54956.8. **This session is closed to any non-City/Port representative.\***

- a. Property: AB 8719, Lot 002, also known as Seawall Lot 337, AB 9900, Lot 62, also known as China Basin Park, and AB 9900, Lot 048 and AB 9900, Lot 048H, also known as Pier 48 (all bounded generally by China Basin, the San Francisco Bay, Mission Rock Street, and Third Street)  
Person Negotiating: Port: Byron Rhett, Deputy Director, Planning & Development  
\*Negotiating Parties: Jack Bair, SWL 337 Associates, LLC

Under Negotiations: \_\_\_\_\_ Price \_\_\_\_\_ Terms of Payment X Both  
The Commission found the non-Port parties identified above qualified based on their responses to a Request for Proposals for the lease and development of the area generally known as Seawall Lot 337, China Basin Park, and Pier 48. In this executive session, the Port intends to seek direction from the Port Commission on matters that may affect exclusive negotiations now underway.

## 5. RECONVENE IN OPEN SESSION

- A. Possible report on actions taken in closed session pursuant to Government Code Section 54957.1 and San Francisco Administrative Code Section 67.12.
- B. Vote in open session on whether to disclose any or all executive session discussions pursuant to Government Code Section 54957.1 and San Francisco Administrative Code Section 67.12.

## 6. ANNOUNCEMENTS

- A. **Announcement of Prohibition of Sound Producing Devices During the Meeting**

Please be advised that the ringing of and use of cell phones, pagers, and similar sound-producing electronic devices are prohibited at this meeting. Please be advised that the Chair may order the removal from the meeting room of any person(s) responsible for the ringing or use of a cell phone, pager, or other similar sound-producing electronic device.





## **B. Announcement of Time Allotment For Public Comments**

Please be advised that a member of the public has up to three minutes to make pertinent public comments on each agenda item unless the Port Commission adopts a shorter period on any item.

## **7. EXECUTIVE**

### **A. Executive Director's Report**

- Emerald Bowl – December 26, 2009
- New Year's Eve Activities – December 31, 2009
- Interim Remedial Action on Port owned shoreline east of Mirant Power Plant by PG&E – work commenced January 5, 2010
- Maiden Call of Cunard's Queen Victoria at Pier 35 – January 27, 2010
- San Francisco Chronicle Columnist John King's Top 10 Decade's Best Architecture

### **B. Election of Port Commission Officers**

## **8. CONSENT**

- A. Accept Second Quarter Contracting Activity Report for Fiscal Year 2009/2010 for the October 1, 2009 to December 31, 2009 Reporting Period.
- B. Request approval to increase Executive Director's authority to execute settlements up to \$25,000. (Resolution No. 10-01)
- C. Request authorization to advertise for competitive bids for Construction Contract No. 2739, Pier 33 Sidewalk Improvement Project, to facilitate access/egress to Pier 35 Cruise Terminal. (Resolution No. 10-02)
- D. Request authorization to apply for, accept and expend \$500,000 in grant funds from the California Cultural and Historical Endowment for the Pier 70 Union Ironwork's Machine Shop Stabilization Project. (Resolution No. 10-05)

## **9. REAL ESTATE**

- A. Request authorization to award, subject to the Board of Supervisors' approval, a three-year lease for surface parking between the Port of San Francisco and Central Parking System, Inc. Lease No. L-14795 for Bid Opportunity A: Seawall Lot 301 commonly known as the Triangle Parking Lot, and SWL 314 located in the Northern Waterfront. (Resolution No. 10-04)
- B. Informational presentation by the San Francisco Public Utilities Commission staff regarding its Sewer System Master Plan and Implementation Plan and the Pier 94 Backlands Site Alternative for the new Biosolids Digester Facility.



- C. Request approval of second amendment and mutual termination agreement for Lease No. 12782 between the Port and Blue and Gold Fleet, LP, for lease premises located at Pier 9 on the Embarcadero at the foot of Broadway Street. (Resolution No. 10-03)

#### **10. MARITIME**

- A. Informational presentation on Proposed Maritime Excursion Lease Renewal Policy.

#### **11. ENGINEERING**

- A. Informational presentation on the proposed revisions to the Port's Building Code: Administrative Modifications and Corrections to Chapter 1, Stormwater Design Guidelines, Dust Control Provisions and Floodplain Management Provisions.

#### **12. NEW BUSINESS**

#### **13. PUBLIC COMMENT**

Public comment is permitted on any matter within Port jurisdiction and is not limited to agenda items. Public comment on non-agenda items may be raised during New Business/Public Comment. A member of the public has up to three minutes to make pertinent public comments before action is taken on any agenda item and during the new business/public comment period. It is strongly recommended that public comments be submitted in writing so they can be distributed to the Commissioners for their review. Please fill out a speaker card and hand it to the Commission Secretary. If you have any question regarding the agenda, please contact the Commission Secretary at 274-0406.

#### **14. ADJOURNMENT**





**FORWARD CALENDAR (Targeted Commission meeting, subject to change)**

- Informational presentation on the Port's Annual Operating Budget for Fiscal Year 2010-11 (February 9, 2010)
- Informational presentation on the Port's Proposed Capital Project Budget Funding for Fiscal Year 2010-11 (February 9, 2010)
- Informational Presentation regarding the annual update to the Port's 10-Year Capital Plan (February 9, 2010)
- Informational update on the Brannan Street Wharf, Mission Bay Shoreline Protection for Bayfront Park, Heron's Head Park Entrance Expansion/Improvement and the Blue Greenway Projects, all part of the Port's 2008 Clean and Safe Neighborhood Parks General Obligation Bond Program (February 9, 2010)
- Informational update on the Pier 43 Bay Trail Link Project, part of the Port's 2008 Clean and Safe Neighborhood Parks General Obligation Bond Program (February 9, 2010)
- Request approval to assign Lease No. L-13395 from RMC Pacific Materials, Inc. to CEMEX Construction Materials Pacific, LLC (concrete batching plant at Pier 92) (February 9, 2010)
- Request authorization to approve concept design and to advertise for competitive bids for Construction Contract No. 2732, Mission Bay Shoreline Protection for Bayfront Park Project (February 9, 2010)
- Request adoption of the Port's Maritime Excursion Lease Renewal Policy (February 9, 2010)
- Informational presentation on the public comments received on the Pier 70 Draft Preferred Master Plan and on the development solicitation process (February 23, 2010)
- Request approval of the Port's Annual Operating Budget for Fiscal Year 2010-11 (February 23, 2010)
- Request approval of the Port's Capital Project Budget Funding for Fiscal Year 2010-11 (February 23, 2010)
- Request approval of the Port's 10-Year Capital Plan (February 23, 2010)
- Request adoption of the proposed revisions to the Port's Building Code: Administrative Modifications and Corrections to Chapter 1, Stormwater Design Guidelines, Dust Control Provisions and Floodplain Management Provisions (February 23, 2010)
- Request approval of the conceptual design for the Heron's Head Park Entrance Expansion/Improvement Project (February 23, 2010)
- Informational presentation of PG&E's sediment contamination survey for the marine area off of the Potrero Power Plant (March 9, 2010)
- Request approval of Lease No. L-14630 with D & G Company, LLC, for a fifteen and one half-year (plus five-year extension option) restaurant lease for premises located at 300 Jefferson Street subject to Port Commission and Board of Supervisors' approval, and companion Sidewalk Encroachment License No. 14651 (March 9, 2010)
- Request approval of Lease No. L-14752 with Harbor Bay Maritime, Inc. for an 18-month term at below Port Commission approved Rent Parameters for Premises located at Pier 48 South Apron and adjacent Submerged Land (March 9, 2010)



- Request approval of the Concept Design for Mission Bay Parks P23 and P24 located on Port lands along Terry Francois Boulevard (March 9, 2010)
- Request authorization to issue a development solicitation for the Pier 70 Project (March 23, 2010)
- Informational presentation of an outline for a possible Waterfront Arts Program, located at several sites along the entire length of the waterfront (Date to be determined)
- Informational Update on Retail Leasing Policy (Date to be determined)
- Request authorization to enter into an Exclusive Negotiation Agreement with Seawall Lot 337 Associates, LLC to explore a mixed-use development project at SWL 337 and Pier 48 (Date to be Determined)
- Request approval of the Port's Interim Leasing Policy for Historic Structures (Date to be determined)
- Request approval of a one-year interim license agreement, and approval to seek Board of Supervisor approval of a 66-year lease/easement agreement and a 66-year right to use permit/agreement, between the Port and Peninsula Corridor Joint Powers Board, for use of property located along Seventh Street in the Mission Bay Redevelopment Area to support existing passenger rail uses for public purposes (Date to be determined)
- Request authorization to enter into a Memorandum of Understanding with the San Francisco Municipal Transportation Agency for the Port of San Francisco to relinquish its rights to cargo freight rail service north of Cesar Chavez along Illinois Street (Date to be determined)





**COMMUNICATIONS TO THE PORT COMMISSION FROM DECEMBER 4, 2009 TO JANUARY 7, 2010:**

- From Port staff, update on Cruise Ship Discharge Report Program
- From Mayor Gavin Newsom, letter of support for the San Francisco Stormwater Design Guidelines
- From Port staff, regarding Pacific Marine Yacht Charters LLC Termination of Lease
- From Magnus Barber, San Francisco resident, regarding parking on the plaza behind the Ferry Building
- From Agustin Ramirez, ILWU, copy of letters of support for the Alcatraz Cruises' workers from the U.S. Congress, California Legislature, California State Senate, San Francisco Board of Supervisors
- From Robert MacIntosh, President and CEO of Pier 39, regarding the Alcatraz ferry service
- From Port staff, copy of letters to Speaker Nancy Pelosi, Senator Dianne Feinstein and Senator Barbara Boxer regarding Alcatraz Embarkation Site



JANUARY/FEBRUARY 2010  
CALENDAR OF UPCOMING PORT MEETINGS – OPEN TO THE PUBLIC

DATE	TIME	GROUP	LOCATION
Jan. 12	2:00 p.m.	Closed Session/Port Commission	Port Commission Room
	3:15 p.m.	Open Session	@ Ferry Building
Feb. 9	2:00 p.m.	Closed Session/Port Commission	Port Commission Room
	3:15 p.m.	Open Session	@ Ferry Building
Feb. 23	2:00 p.m.	Closed Session/Port Commission	Port Commission Room
	3:15 p.m.	Open Session	@ Ferry Building

**NOTES:**

The San Francisco Port Commission meets regularly on the second and fourth Tuesday of the month at 3:15 p.m., unless otherwise noticed. The Commission Agenda and staff reports are posted on the Port's Website @ [www.sfport.com](http://www.sfport.com). Contact Amy Quesada at 274-0406. The Port Commission meetings can be viewed online at [http://sanfrancisco.granicus.com/ViewPublisher.php?view\\_id=92](http://sanfrancisco.granicus.com/ViewPublisher.php?view_id=92). The Port Commission meetings are also broadcasted on the 2nd & 4th Thursday of the month at 9 p.m. on Comcast Cable Channel 26 or Astound Cable Channel 78 (formerly RCN Cable).

The Fisherman's Wharf Waterfront Advisory Group (FWWAG) meets regularly on a bi-monthly basis, on the third Tuesday of the month. The regular meeting time and place is 9:00 a.m. at Scoma's Restaurant, Pier 47 at Fisherman's Wharf. Contact Michael Nerney @ 274-0416 or [michael.nerney@sfport.com](mailto:michael.nerney@sfport.com)

Starting January 21, 2010, the Maritime Commerce Advisory Committee (MCAC) will meet every other month, on the third Thursday of the month, from 11:30 a.m. to 1:00 p.m. @ Pier 1. Contact Jim Maloney @ 274-0519 or [jim.maloney@sfport.com](mailto:jim.maloney@sfport.com)

The Mission Bay Citizens Advisory Committee meets regularly on the second Thursday of the month, from 5:30 to 7:30 p.m. at the Mission Bay Visitor Center (255 Channel Street). Contact Catherine Reilly, Assistant Project Manager, Redevelopment Agency, @ 749-2516 or [Catherine.Reilly@REDEV/SFGOV@SFGOV](mailto:Catherine.Reilly@REDEV/SFGOV@SFGOV)

The Northeast Waterfront Advisory Group (NEWAG) meets regularly on a bi-monthly basis on the first Wednesday of the month from 5:00 p.m. to 7:00 p.m. in the Bayside Conference Room @ Pier 1. Contact Jonathan Stern @ 274-0545 or [jonathan.stern@sfport.com](mailto:jonathan.stern@sfport.com)

The Central Waterfront Advisory Group (CWAG) meets monthly on an as-needed basis, generally on the third Wednesday of the month from 5 to 7 p.m. in the Bayside Conference Room at Pier 1. Contact Mark Paez @ 705-8674 or [mark.paez@sfport.com](mailto:mark.paez@sfport.com)

The Rincon Point-South Beach Citizens Advisory Committee meets on a quarterly basis, from 5:00-7:00 p.m. at the South Beach Yacht Club (Pier 40 on The Embarcadero). Contact Catherine Reilly, Assistant Project Manager, Redevelopment Agency, @ 749-2516 or [Catherine.Reilly@REDEV/SFGOV@SFGOV](mailto:Catherine.Reilly@REDEV/SFGOV@SFGOV)

The Southern Waterfront Advisory Committee (SWAC) meets every last Wednesday of the month from 6:15 to 8:15 p.m. Location to be determined. Contact David Beaupre @ 274-0539 or [david.beaupre@sfport.com](mailto:david.beaupre@sfport.com)

The Waterfront Design Advisory Committee (WDAC) meets jointly with the Design Review Board of the Bay Conservation and Development Commission on the first Monday of the month





at BCDC, 50 California Street, Rm. 2600, at 6:30 p.m. The Committee meets as needed on the fourth Monday of the month at 6:30 p.m. in the Bayside Conf. Rm. @ Pier 1. Contact Dan Hodapp @ 274-0625 or dan.hodapp@sfpport.com

### **FERRY BUILDING:**

The Port Commission Hearing Room is located on the second floor of the Ferry Building. The main public entrance is from the west (Embarcadero) side and is served by a bank of elevators adjacent to the historic staircase. Accessible public restrooms are on the first floor at the northeast end of the building as well as on the second floor across the lobby from the Port Commission Hearing Room. The main path of travel to the Port Commission Hearing Room is equipped with remote infrared signage (Talking Signs). The Port Commission Hearing Room is wheelchair accessible. Accessible seating for persons with disabilities (including those using wheelchairs) is available. The closest accessible BART and MUNI Metro station is Embarcadero located at Market & Spear Streets. Accessible MUNI lines serving the Ferry Building area are the F-Line, 9, 31, 32 and 71. For more information about MUNI accessible services, call (415) 923-6142. The nearest accessible parking is provided in the following off-street pay lots:

- A) 3 spaces in the surface lot on the west side of the Embarcadero at Washington St.
- B) Hourly and valet parking in the Pier 3 lot. This lot is accessed through the Pier 3 bulkhead building entrance on the east side of the Embarcadero. This lot is located on the pier deck; adjacent to the ferry boat Santa Rosa.

Additional covered accessible off-street pay parking is available in the Golden Gateway Garage, which is bounded by Washington, Clay, Drumm and Battery Streets. Entrance is on Clay St. between Battery and Front Streets. There is no high-top van parking. Metered street parking is available on the Embarcadero, Washington, Folsom & Drumm Streets.

### **PIER 1:**

The Port's fully accessible offices are in the west end of Pier 1. There are two public entrances; the main entrance on the west (Embarcadero), and the Port History walk entrance on the south apron. Each of these entrances is provided with an automatically operated door. Both entrances lead to the Bayside conference rooms. Accessible public restrooms, drinking fountains, payphone and TTY are on the first floor near the main entrance. The public spaces of the Port's offices are equipped with remote infrared signage (Talking Signs) identifying all primary entrances, paths of travel, meeting rooms and amenities. Accessible seating areas and assistive listening devices will be available in the Bayside Conference rooms.



**Accessible meeting information policy:**

In order to assist the City's efforts to accommodate persons with severe allergies, environmental illness, multiple chemical sensitivity or related disabilities, attendees at public meetings are reminded that other attendees may be sensitive to various chemical based products. Please help the City to accommodate these individuals.

A sign language interpreter and alternative format copies of meeting agendas and other materials can be provided upon request made at least 72 hours in advance of any scheduled meeting. Contact Wendy Proctor, Port's ADA Coordinator, at 274-0592, the Port's TTY number is (415) 274-0587.

**Know Your Rights Under the Sunshine Ordinance:**

Government's duty is to serve the public, reaching its decisions in full view of the public. Commissions, boards, councils and other agencies of the City and County exist to conduct the people's business. This ordinance assures that deliberations are conducted before the people and that City operations are open to the people's review. For more information on your rights under the Sunshine Ordinance (Chapter 67 of the San Francisco Administrative Code) or to report a violation of the ordinance, contact Frank Darby by mail: Sunshine Ordinance Task Force, 1 Dr. Carlton B. Goodlett Place, Room 244, San Francisco CA 94102-4689; by phone at (415) 554-7724; by fax at (415) 554-7854 or by email at [sotf@sfgov.org](mailto:sotf@sfgov.org). Citizens interested in obtaining a free copy of the Sunshine Ordinance can request a copy from Mr. Darby or by printing Chapter 67 of the San Francisco Administrative Code on the Internet, at <http://www.sfgov.org/sunshine>.

**NOTICES****Prohibition of Ringing of Sound Producing Devices:**

The ringing of and use of cell phones, pagers, and similar sound-producing electronic devices are prohibited at this meeting. Please be advised that the Chair may order the removal from the meeting room of any person(s) responsible for the ringing or use of a cell phone, pager, or other similar sound-producing electronic device.

**Lobbyist Registration and Reporting Requirements:**

Individuals and entities that influence or attempt to influence local legislative or administrative action may be required by the San Francisco Lobbyist Ordinance (SF Campaign & Government Conduct Code Sections §2.100 – 2.160) to register and report lobbying activity. For more information about the Lobbyist Ordinance, please contact the San Francisco Ethics Commission at 30 Van Ness, Suite 3900, San Francisco, CA 94102, phone (415) 581-2300 or fax (415) 581-2317; web site: [www.sfgov.org/ethics](http://www.sfgov.org/ethics).





## MEMORANDUM

January 5, 2010

**TO:** MEMBERS, PORT COMMISSION  
Hon. Rodney Fong, President  
Hon. Stephanie Shakofsky, Vice President  
Hon. Kimberly Brandon  
Hon. Ann Lazarus  
Hon. Michael Hardeman

**FROM:** Monique Moyer  
Executive Director *M Moyer*

**SUBJECT:** Accept Second Quarter Contracting Activity Report - Fiscal Year 2009/10  
for the October 1, 2009 to December 31, 2009 Reporting Period

**DIRECTOR'S RECOMMENDATION:** Informational Item – No Action Required

### INTRODUCTION

The purpose of this report is to provide regular reporting of the Port's contracting activities as legally required by the City and County of San Francisco through its Administrative Code or based upon policies and practices adopted by the San Francisco Port Commission. Background information on these requirements is provided at the end of this report as Exhibit 1.

The contracting detail section of this report includes a compilation of: 1) 2<sup>nd</sup> Quarter of Fiscal Year 2009-10 contracting activities; 2) projected upcoming contracting activities; and 3) Local 21 staffing changes. The 2nd Quarter Reporting Period is October 1, 2009 through December 31, 2009.

This report also includes a summary of the Port's contracting activities along with impact to the Port of San Francisco relative to four (4) legislative actions pending with the Board of Supervisors concerning contracting activities. The following key milestones lead up to these pending legislative changes:

1. October 2008 - Mayor Newsom directs departments to identify means of stimulating local economy
2. February 2009 – Mayor Newsom unveils local economic stimulus plan, which includes accelerated capital spending and support for local businesses

**This Print Covers Calendar Item No. 8A**





3. March 2009 – Board President Chiu introduces legislation to strengthen local business enterprise and non-discrimination in contracting ordinance
4. October 2009 – Supervisors Chu, Maxwell, and Chiu introduce legislation to enhance public works contracting ordinance.
5. December 2009 – revised legislation package that included four separate ordinance revisions was introduced at the Board of Supervisors' Land Use Committee meeting.

## SUMMARY

The following summarizes details of this report and pending legislative changes.

### 2<sup>nd</sup> Quarter, FY 2009/10 Contracting Activities – Summary of Detailed Report

The San Francisco Human Rights Commission has established a 20% local business enterprise (LBE) subcontracting goal on all Port contracts. Based upon the nature of the Port being a maritime oriented facility, the contract work is often highly specialized. Therefore, it is not always possible to achieve this goal on every contract and there are some contracts where the Port is able to exceed the LBE subcontracting goal. However, the Port has consistently exceeded its LBE subcontracting goal and achieved 25.8% LBE subcontracting participation during this reporting period.

Total contracting activity for the 2<sup>nd</sup> Quarter of Fiscal Year 2009/10 is as follows:

Type of Transaction	Number of Transactions	Total Dollar Amount	LBE Dollar Amount (sub)	LBE %
As-needed CSOs	6	\$400,057	\$114,251	28.5%
Construction	2	\$1,694,348	\$432,341	25.5%
Professional Services	2	\$938,245	\$235,618	25.1%
General Services*	n/a	n/a	n/a	n/a
<b>TOTAL</b>	<b>10</b>	<b>\$3,032,650</b>	<b>\$782,210</b>	<b>25.79%</b>
<i>LBE Exempt Contracts</i>	<i>4</i>	<i>\$2,842,956</i>	<i>\$212,978</i>	<i>7.49%</i>

\*The only general services contracts awarded were through the Computer Store for Information Technology transactions. These Port transactions are handled between the Office of Contract Administration and the Human Rights Commission. Neither agency was able to provide the Port with specifics as to the actual transactions awarded and utilization of LBEs.

The Port not only supports local small businesses through the LBE subcontracting goal, but also provides opportunities for local small business growth through joint venture with prime consultants/contractors. As such, local business participation is even higher than the HRC subcontracting goal. During this quarter, the Port awarded two construction contracts in the amount of \$1,694,348 to local firms as a prime/general contractor, one of which is a minority owned business. In addition, the engineering contract awarded in the amount of \$728,300 was a joint venture with a local minority owned firm with participation in the amount of \$211,556. This LBE prime level dollar participation is not included in the above statistics.



The following is a list of the proposed four legislative actions to be heard at the Board of Supervisors' Land Use Committee on January 11, 2010 and describes the applicable impact to the Port for each key aspect of the legislation.

1. **Ordinance Amendment to Administrative Code Section 21.5 to allow the City Purchaser to permit informal solicitation for contracts for commodities and services up to \$100,000 and for those contracts utilizing federal grant funds where authorized and to update Purchaser's authority to set aside contracts for local small businesses consistent with Administrative Code Section 14B.7(k) which established a Pilot Set-Aside Program under the Human Rights Commission.**

*Impact to the Port:*

- a. Consideration of a Port Policy to increase the current requirement for Port Commission authorization to award (non-construction/public works related) professional services contracts from \$50,000 to \$100,000, thereby delegating award of contracts under \$100,000 to the Executive Director;
- b. Permanently sets forth Citywide policy for establishing contracts set aside for competitive award to Micro-LBEs.
- c. Requires more detailed annual and quarterly review of upcoming contracts to plan set-aside contracting.

2. **Ordinance Amendment to Administrative Code Chapter 6, Public Works Contracting (Economic Stimulus Measures for Capital Project Acceleration)**

The following aspects of the Amendment to Administrative Code Chapter 6 are intended to expedite the contracting process and facilitate greater opportunities for local businesses to receive city contracts. Some changes clarify or serve as clean-up of existing Ordinance language.

*Change 1 (Definition of Department Head contracting authority)*

*Impact to the Port:*

- a. The Executive Director at the Port may consider a formal administrative policy or Administrative Directive to designate Deputy Directors who are authorized to execute contract documents on her behalf which includes not only contracts, but change orders, modifications to contracts, contract service orders, progress payments and certificates of completion.
- b. The written designation either in a formal administrative policy or Administrative Directive must identify the individual deputy director name and full title, the scope of the authorization to execute contract documents and the term of the designation.

Note: The Port already has in place an informal procedure with regards to the above. However, the above formalizes the procedure as policy.





*Change 2 (Increases dollar threshold amounts for formal bidding)*

*Impact to the Port:*

- a. Requires more detailed annual and quarterly review of upcoming contracts to allow for contracting efficiencies as a result of the increase in threshold amount for sealed competitive bidding from \$100,000 to \$400,000.

*Change 3 Impact to the Port:*

- a. Conformance of language between Chapter 6 and 14B of the City's Administrative Code result in no administrative impact other than to clarify to legislation.

*Change 4 Impact to the Port:*

- a. Clarity and conformance between 14B requirements and state law concerning performance and payment bonds at \$25,000 can be incorporated into bid documents to improve clarity and opportunities for small businesses seeking contracts under \$25,000 which are likely to be set-asides.

*Change 5 Impact to the Port:*

- a. Changes Administrative Code Section 6.22(J) to allow early release of retention to HRC Certified LBE subcontractors on multi-year (more than two years) construction projects if the general contractor makes such a request certifying that the work has been satisfactorily completed and without reducing liabilities or responsibilities of the general contractor.
- b. Increases contract administration to calculate and monitor retention funds.

*Change 6 Impact to the Port:*

- a. Changes Administrative Code Section 6.40 to increase the threshold amount for competitive bidding professional design service agreements from \$25,000 to \$100,000. This does not impact the Port as virtually all of the Port's professional design services contracts in this dollar range are issued under the as-needed contracting legislation in Administrative Code Section 6.64.

*Change 7 Impact to the Port:*

- a. No Impact as information updates agency titles for the Municipal Transportation Agency.

*Change 8 Impact to the Port:*

- a. These changes to Job Order Contracts (JOC) do not directly impact the Port as the Department of Public Works and other larger departments administer these contracts.

3. **Ordinance amending Administrative Code Chapter 14B, Local Business Enterprise and Non-Discrimination in Contracting Ordinance, to add a new Section 14B.19 establishing uniform procedures to attain project LBE goals for design-build and integrated project delivery contracts.**



*Impact to the Port:*

This amendment will impact the Port specifically for the new Cruise Terminal Project that is being managed by the Department of Public Works. The amendment requires establishment of subcontracting goals and provides procedures for monitoring compliance. The expected outcome is greater local business participation by utilizing the San Francisco Human Rights Commission (HRC) in requiring specific goals and applying monitoring for compliance.

Financial cost impact to pay for additional HRC staffing.

**4. Ordinance amending the San Francisco Administrative Code sections 14B.2, 14B.3, 14B.7, 14B.8, 14B.13 to reflect the following changes and impact to the Port of San Francisco.**

*Change 1 Impact to the Port:*

Each fiscal year, requires the Port to each year set aside not less than 50% of public works/construction contracts worth \$400,000 or less and not less than 50% of other contracts worth \$100,000 or less for Micro-Local Business Enterprise Set Aside Program.

- a. Establish an annual projection of contracts in construction and non-construction categories.
- b. Identify projects/contracts for set-aside goal.
- c. Establish quarterly updates of contracts and set-asides.
- d. This program may increase contract administration as the Port's current practice of consolidating smaller construction projects will no longer be available. Thus, certain efficiencies will be lost.
- e. This program will require more effort for Port staff in developing scopes of work for competitively bidding among Micro-LBEs to assure successful delivery of required services.
- f. Set-asides for professional services will need to be reviewed to confirm no impacts to LBE participation under the as-needed professional services contracts.

*Change 2 Impact to the Port:*

Permits the Port to designate Job Order Contracts, without limitation as to dollar value, as set aside for the Micro-Local Business Enterprise Set Aside Program in order to satisfy the department's 50% requirement (for set-asides).

- a. The Port of San Francisco does not have a Job Order Contract established. Thus, it is unclear as to whether or not use of the Department of Public Works Job Order Contract would count towards the Port's Micro-Local Business Enterprise Set-Aside Program.
- b. The Port may wish to establish its own Job Order Contract program either independently or supplemental to the Department of Public Works program to address the set-aside requirement for construction contracts



worth \$400,000 or less. This option could reduce contract administration expense over the long term.

*Change 3 Impact to the Port:*

Requires the Port to report quarterly during the year 2010 and thereafter yearly to the Board of Supervisors on the contracts set aside for the Micro-Local Business Enterprise Set Aside Program, and to cooperate with HRC's requests for information to fulfill its reporting requirements.

- a. The Port of San Francisco currently provides quarterly reports on its contracting activities and therefore additional reporting can be incorporated.

*Change 4 Impact to the Port:*

Requires Micro-LBEs that subcontract any portion of a set-aside contract to perform at least 25% of the contract work

- a. This aspect of the proposed change seems contradictory to intent of providing opportunities to local businesses if the majority of the work is going to be subcontracted out to potentially non-local businesses.
- b. Potentially develops firms to compete for larger Port projects.

*Change 5 Impact to the Port:*

Creates a SBA-LBE category, in addition to the Small and Micro-LBE categories, that gives contractors with income set with reference to Small Business Administration limits a bid preference of 2% on contracts between \$5 million and \$20 million.

- a. Currently the Port has at least three projects estimated with costs within the range applicable to this contracting change totaling \$36,600,000. Therefore, this change could cost the Port \$732,000. (This does not include the Cruise Terminal project that is being managed by the Department of Public Works.)
- b. Additional contract administration time for incorporating SBA certified local business requirements.

*Change 6 Impact to the Port:*

Allows contractors who achieve total LBE participation in excess of 35% of their established LBE subcontracting and subconsulting goals are to be excepted from satisfying good faith outreach requirements.

- a. This will reduce the enormous amount of paperwork that contractors and consultants must include with their responses to solicitations.
- b. Less storage costs for records retention.
- c. Less contractor/consultant costs due to reduced overhead expense in responding city solicitations.





## CONTRACTING DETAIL

### I. 2<sup>nd</sup> Quarter, FY 2009/10 Contracting Activities:

The Port of San Francisco has met the 20% Local Business Enterprise (LBE) participation goal for its contracts with the participation level at 25.79% for this quarter.

Contract/Project	Awarded to	Award Amt	LBE Amt	LBE %
<b>Professional Services Contracts</b>				
Pier 43 Bay Trail Link Project	Gerwick/SDE JV	\$728,300	\$192,999	26.5%
Pier 35 Substructure Repair Project (Phase 2)	Forell/Elsesser	\$209,945	\$42,619	20.3%
<b>Construction Services Contracts</b>				
401 Terry Francois ADA	Gold Spring Construction	\$297,600	\$69,340	23.3%
Pier 45 Drainage Improvement	A & B Construction	\$1,394,348	\$363,000	26.03%
<b>As-Needed CSOs</b>				
Contract/Project	Awarded to	Award Amt	LBE Amt	LBE %
Utility Mapping/BAE Electrical (CSO Mod)	TEF/Winzler & Kelly JV	\$40,844	\$37,403	91.58%
Pier 45 Drainage	C+D/FE Jordan JV	\$54,525	\$6,332	11.61%
Portwide Demolition/Fill	URS/AGS JV	\$15,392	\$5,250	34.11%
Pier 35 Superstructure	Winzler & Kelly/SDE JV	\$264,295	\$65,265	24.69%
On-Call Scoping & Technical Assistance	Winzler & Kelly/SDE JV	\$25,000	0	0
<b>TOTALS</b>		<b>\$400,056</b>	<b>\$114,250</b>	<b>28.5%</b>



<b>Contracts Exempt from LBE Requirements</b>				
<b>Contract/Project</b>	<b>Awarded to</b>	<b>Award Amt</b>	<b>LBE Amt</b>	<b>LBE %</b>
Security Fence Change Order (Federal)	Crusader Fence	\$5,805	0	0
Fire Protection Change Order (Admin Code 6.65)	Sabah International	\$8,345	\$281	3.3%
Shoreside Power (Sole Source)	Cochran Inc.	\$1,900,000	0	0
Security Lighting (Federal)	Bay Area Lightworks (Federal)	\$928,806	\$212,696	22.90%
<b>TOTALS</b>		<b>\$2,842,956</b>	<b>\$212,978</b>	<b>7.49%</b>

#### \$200,000 As-Needed Contracting Authorization

During this reporting period, one Contract Service Order exceeded the \$200,000 project dollar threshold amount. However, the Port Commission and Executive Director authorized the transaction last year. The Contract Service Order modification was delayed due to the construction contract being delayed as the project had to be re-bid. That project was the Pier 45 Drainage Improvements. The Contract Service Order modification had to be handled as a new Contract Service Order under the new as-needed contracts to allow sufficient time for the construction work to be completed with continuity in the design team.

#### OTHER SIGNIFICANT EVENTS

A contract orientation workshop was held with the three as-needed engineering consultants to assure compliance with the terms and conditions of the contract and expedite proper processing of Contract Service Orders and invoices. Each firm was provided a reference handbook with examples on how to complete and process contract documents for the as-needed contracts. Representatives from the engineering division attended the orientation workshop as well.

The elevator/escalator maintenance contract was awarded to a certified local business through Department of Public Works contracting pool for such services.





## II. Projected Contracting Activities for the Upcoming Year:

As-Needed Contracts (CSOs)	Description of Work	Port Project	Estimated Dollar Value of Work
Engineering	Cost Estimating Services	Pier 19 Roof Repair	\$10,000
Engineering	Design Services and RFP Specification Development for System Integrator	Port-wide CCTV/ACS	\$300,000
Environmental	Technical Support	Wharf J-10	TBD
Real Estate Economics & Related Services	Transportation Planning	Jefferson Street Improvements	\$5,000
Real Estate Economics & Related Services	Signage Graphics Design	Blue Greenway	\$45,000

Formal Professional Services	Description of Work	Port Project	Estimated Dollar Value of Work
As-Needed Contract	Environmental Consulting Services	Port-wide	\$3,000,000

Construction Services	Description of Work	Port Project	Estimated Dollar Value of Work
Sidewalk Improvement Project	Remove a portion of sidewalk and reconstruct roadway.	Pier 33	\$200,000
Roofing	Bulkhead and shed	Pier 19	\$2,000,000
Marine Structural	Various structural repairs	Hyde St. Harbor & Jefferson Streets	\$1,900,000
Shoreline Improvements & Protection	Demolish portions and restore shoreline	Mission Bay/Bayfront Park (GO Bond Project)	\$2,063,000
Public Promenade	Seawall and pier repairs	Pier 43	\$6,000,000
Wharf Development	Brannan Street Wharf	Piers 34/36	\$23,800,000
Pre-development	Site grading and paving of roadway	Piers 90-94 Backlands	\$6,800,00
Substructure Deck Repair	Seismic strengthening and repair of concrete deck	Pier 50 Valley	TBD



General Services	Description of Work	Port Project	Estimated Dollar Value of Work
Security Services	Unarmed Guards	Port-wide	\$250,000 annually
Information Technology	Computerized Maintenance Management System	Port-wide	\$900,000 (total budget)
Information Technology	Upgrade of PROPworks system	Port-wide	\$200,000

### III. Local 21 Staffing Activity Changes for Fiscal Year 2009/10 – 2nd Quarter

Staffing Activity for Fiscal Year 2009/10  
2nd Quarter, 10/1/09 – 12/30/09

Class/Title	Activities
1652 Accountant	Vacancy due to employee promotional transfer to another city department effective 10/5/09
1241 Personnel Analyst	Vacancy due to retirement; PCS appointment made effective 12/7/09
9395 Property Manager	Vacancy due to release of PCS employee

### RECOMMENDATION

The above report is submitted to meet the requirements stated in the report Background attached hereto. Port Staff requests the Port Commission's acceptance of this report.

Prepared by: Norma Nelson, Contract Administrator/Manager  
For: John Woo, Interim Deputy Director  
Finance & Administration

cc: Clerk, Board of Supervisors  
Local 21, IFPTE Representative Ging Louie  
Department of Public Works, Peg Divine  
Human Rights Commission, Theresa Sparks

Exhibit 1: Report Background

THE UNIVERSITY OF CHICAGO  
DIVISION OF THE PHYSICAL SCIENCES  
DEPARTMENT OF CHEMISTRY

REPORT OF THE  
COMMISSIONER OF THE  
BUREAU OF CHEMISTRY

FOR THE YEAR  
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CHICAGO  
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UNIVERSITY OF CHICAGO PRESS

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## EXHIBIT 1

### BACKGROUND

The purpose of this report is to comply with legal and policy mandates for the City and County of San Francisco and Port Commission. These legal and policy requirements are primarily based upon the following:

1. "As-Needed" contracting requirements as promulgated by Section 6.64 of the San Francisco Administrative Code, Port Commission Resolution 03-50 and a Letter of Agreement with Local 21 International Federation of Professional and Technical Employees Association (IFPTE). (Effective April 2005, a \$200,000 limit was imposed via City ordinance for use of as-needed contract services per each single public works project; not including general planning or non-construction related professional services such as real estate economics as-needed contracts.)
2. Local 21 Union for the IFPTE and the City and County of San Francisco Department of Public Works requested that the Port include the following additional information in the subject quarterly reports, as it applies to the use of as-needed professional service contracts:
  - Contracting activity for the current reporting period;
  - Anticipated contracting activity for the upcoming quarter; and
  - Estimated staffing numbers and projects related to the as-needed contract services.
3. San Francisco Administrative Code Section 14(b) requires all departments and contract awarding authorities to report to the Mayor on their progress in the preceding fiscal year toward the achievement of the LBE goals and their steps to ensure non-discrimination against MBEs (Minority Business Enterprises), WBEs (Women Business Enterprises) and OBEs (Local businesses other than MBE or WBE).

The Port of San Francisco has been assigned by the San Francisco Human Rights Commission (HRC) an overall Local Business Enterprise (LBE) subcontracting participation goal of 20%. This means that 20% of all of the contracted work procured by the Port of San Francisco must be awarded to Local Business Enterprises or the contractor must have demonstrated a good faith effort to do so.

In the award of leases, franchises, concessions, and other contracts not subject to the discount provisions of Administrative Code Section 14(b), contract awarding authorities such as the Port shall utilize the good faith effort steps to maximize opportunities for LBE participation, as deemed practicable to do so. At the minimum, contract awarding authorities should notify LBEs that are certified to perform the work contemplated in a contract and solicit their interest in the contract. These good faith effort steps are described in each solicitation





for a Port lease, franchise, concession and other contracts such as development agreements.

4. San Francisco Administrative Code Section 12B requires that all contracting agencies of the City, or any department thereof, acting for or on behalf of the City and County shall include in all contracts and property contracts executed or amended in any manner or as to any portion thereof, a provision obligating the contractor not to discriminate on the basis of the fact or perception of a person's race, color, creed, religion, national origin, ancestry, age, sex, sexual orientation, gender identity, domestic partner status, marital status, disability or Acquired Immune Deficiency Syndrome, HIV status (AIDS/HIV status), weight, height, association with members of classes protected under this chapter or in retaliation for opposition to any practices forbidden under this chapter against any employee of, any City employee work with, or applicant for employment with such contractor and shall require such contractor to include a similar provision in all subcontracts executed or amended thereunder.

#### Definitions

1. *As-needed Professional Service Contracts* include professional service contracts procured on a request for qualifications basis to establish a pool of Master Agreements in which work is contracted under task orders or Contract Service Orders (CSOs), as needed to complete work required on an immediate basis that cannot otherwise be performed by existing City and County of San Francisco staff. The Port has twelve as-needed contracts that have a total authorized contracting capacity of \$8,150,000.
2. *Professional Service Contracts* procured through a *formal* contracting process - contracts valued greater than \$29,000.
3. *Professional Service Contracts* procured through an *informal* contracting process - contracts valued at less than \$29,000.
4. *Construction Service Contracts*
  - public works/construction contract means a contract for the erection, construction, renovation, alteration, improvement, demolition, excavation, installation, or repair of any public building, structure, infrastructure, bridge, road, street, park, dam, tunnel, utility or similar public facility that is performed by or for the City.
5. *Information Technology Contracts*
  - acquisition of computer hardware, software, peripherals and appropriate network, consulting, maintenance, training and support services, as well as any successor contracts.
6. *General Services Contracts*
  - an agreement for those services that are not professional services. Examples of "general services" include: janitorial, security guard, pest control, parking lot attendants and landscaping services.



### Other Contracting Activity

In addition to the above contracting activity, the Port has been engaged in a number of development agreements, leasing evaluations, renewals, and new leases.

### **Steps to Assure Non-Discrimination against MBEs, WBEs and OBEs**

To assure that MBEs, WBEs and OBEs are not discriminated against in Port contracting opportunities, the Port has implemented the following standard procedures:

- Request information from the San Francisco Human Rights Commission as to the availability of MBEs, WBEs and OBEs certified as offering services required on Port projects. Such information includes availability statistics in percentages for MBEs, WBEs and OBEs. In addition, the Port has requested the MS Excel database of such certified firms to assure inclusion as project opportunities become available.
- Availability statistics in percentages are included in advertising for all formally procured contracts.
- Outreach through Minority, Women and Local media
- Direct mailing, faxing and e-mailing of procurement opportunity notices
- Identifying set-aside opportunities exclusively for Micro-LBE firms
- Working with Port staff to eliminate barriers to MBEs, WBEs and OBEs gaining access to Port contracting opportunities. Such barriers include qualifications based upon prior knowledge/experience on the project or past work with existing consultants.
- Hold prime consultants accountable for actions that impede the success of MBE, WBE and OBE firm's success on contracts such as the withholding of essential information required to perform subcontracted work by notifying the San Francisco Human Rights Commission to perform investigations, when deemed appropriate.

### **Steps to Assure Non-Discrimination in employment for all contracts and property contracts.**

Pursuant to the 12B Ordinance, the San Francisco Human Rights Commission has promulgated rules and regulations for the implementation of the nondiscrimination provisions of 12B.

The various forms required as conditions of being awarded a goods/services/public works contract, development agreement, lease or concession are included in all advertisements for such contracts and incorporated into the finalized contract documents. The San Francisco Human Rights Commission actively participates in the selection process to assure compliance with these requirements and conducts investigations as deemed necessary to assure such compliance.







## MEMORANDUM

January 7, 2010

**TO:** MEMBERS, PORT COMMISSION  
Hon. Rodney Fong, President  
Hon. Stephanie Shakofsky, Vice President  
Hon. Kimberly Brandon  
Hon. Michael Hardeman  
Hon. Ann Lazarus

**FROM:** Monique Moyer *MMoyer*  
Executive Director

**SUBJECT:** Request approval to increase Executive Director's authority to execute settlements up to \$25,000

**DIRECTOR'S RECOMMENDATION:** Approve Attached Resolution

---

The Port of San Francisco ("Port") is a public enterprise dedicated to maritime, transportation, recreation, public access and commercial and industrial uses on a self-supporting basis through appropriate management, use and development of the waterfront for the benefit of the people of California.

From time-to-time the Port enters into settlement agreements to resolve claims by or against the Port. Such claims may be resolved before (unlitigated) or after litigation commences (litigated).

### **Background**

The Charter of the City & County of San Francisco ("City") provides that the Port Commission shall have the sole authority, upon recommendation of the City Attorney, to settle litigation on behalf of the Port.

In September 1980, pursuant to Resolution 80-99, the Port Commission delegated certain authorities to the Executive Director known as the "Operating Grants of Authority" attached hereto as Exhibit A. The Operating Grants of Authority confer certain delegations upon the Executive Director and his/her senior managers related to operational responsibilities. Certain of these delegations were limited by a maximum dollar amount. Delegation #10 reserved the settlement of all claims, both litigated and unlitigated, to the Port Commission.

**This Print Covers Calendar Item No. 8B**



In October 1980, pursuant to Resolution 80-112, the Port Commission amended the Operating Grants of Authority to provide that the Executive Director and/or the Director of Administration and Finance could settle claims proposed by the City Attorney in amounts up to, but not exceeding, \$5,000.

### **Proposal**

Given the rise of inflation and other costs in the ensuing 30 years, most settlements on behalf of or against the Port are in amounts greater than \$5,000. In order to facilitate settlement negotiations, Port staff recommends that the Port Commission increase the maximum delegated amount that the Executive Director and/or Deputy Director of Finance and Administration can settle to \$25,000 provided that such settlement is approved in writing by the City Attorney. Such recommendation is consistent authority granted other department head in the City's Administrative Code as follows:

- a. Section 10.22-2 authorizes department heads to approve litigated claims against the City up to \$25,000 on the written approval of the City Attorney. This section requires a monthly report to the department's commission and Board of Supervisors on claims settled during that month.
- b. Section 10.24(a) states that the City Attorney and department heads, or the board or commission in charge of the department, may settle or compromise unlitigated claims in favor of the City up to \$25,000.
- c. Section 10.24(c) states that the City Attorney may settle litigated claims in favor of the City if the claim does not exceed \$25,000, on the written recommendation of the department head, the approval of the Mayor, and resolution of the department's commission or board.
- d. Section 10.21 states that the City Attorney may settle any claim against the City where the amount of the settlement does not exceed \$25,000. However, pursuant to the City Charter, the Port Commission must also approve any settlement of litigation unless it so delegates to its department head.

Port staff also recommends that the Port Commission be provided with a written report of such settlement of litigated claims no later than the next Port Commission regularly scheduled meeting date. The report should, identify the parties to the settlement, the nature of the incident giving rise to the claim, the demand, and the amount paid.

### **Recommendation**

Port staff recommends that the Port Commission adopt the attached Resolution to allow the Executive Director and/or the Deputy Director of Finance and Administration to approve settlements on behalf of or against the Port in amounts up to, but not exceeding, \$25,000 and that such settlements thereafter be reported, in writing, to the Port Commission at its next regularly scheduled meeting.

Prepared by: Monique Moyer, Executive Director

- Exhibit A: Resolution 80-99, Operating Grants of Authority September 1980  
Exhibit B: Resolution 80-112, Operating Grants of Authority October 1980





**PORT COMMISSSION  
CITY AND COUNTY OF SAN FRANCISCO**

**RESOLUTION NO. 10-01**

- WHEREAS, The Port Commission is authorized under Section B3.585 of the City Charter to "compromise, settle, or dismiss any litigation or legal proceeding pending for or on behalf of the Commission" on the recommendation of the City Attorney; and
- WHEREAS, Pursuant to Section B3.581 of the City Charter, the Port Commission may confer on the Port Director (Executive Director) such powers and authority "as it may see fit;" and
- WHEREAS, By Resolution No. 80-99, the Port Commission approved the staff Operating Grants of Authority (the "Operating Grants of Authority") which delegated authority for certain expenditures, encumbrances and approvals to the Executive Director and staff; and
- WHEREAS, By Resolution No. 80-112, the Port Commission amended the Operating Grants of Authority to delegate to the Executive Director and/or the Director of Administration and Finance the authority to settle claims up to \$5,000 as proposed by the City Attorney; and
- WHEREAS, The Port Commission has not increased Port staff's authority to settle claims since the adoption of Resolution No. 80-112 in 1980; and
- WHEREAS, Due to inflation and other increases in costs over the years, the likelihood that a settlement in excess of \$5,000 may be proposed for a particular claim has increased significantly; and
- WHEREAS, Under Chapter 10 of the City's Administrative Code, other department heads may settle litigated claims against or in favor of the City up to \$25,000 with the approval of the City Attorney; and
- WHEREAS, Under Chapter 10 of the City's Administrative Code, the City Attorney may settle unlitigated claims against the City up to \$25,000 for other departments without department approval, and other department heads, on the recommendation of the City Attorney, have the authority to settle unlitigated claims in favor of the City up to \$25,000; and
- WHEREAS, The Port Commission desires to increase the efficiency of settlement negotiations by increasing the Executive Director's authority to settle claims where the settlement does not exceed \$25,000, now, therefore, be it





RESOLVED, That the Operating Grants of Authority is hereby amended by increasing the Executive Director's and/or the Deputy Director of Finance and Administration's authority to approve the compromise or settlement of litigated and unlitigated claims or demands against the Port, as recommended in writing by the City Attorney, where the amount to be paid by the Port does not exceed \$25,000; and, be it further

RESOLVED, That the Operating Grants of Authority is hereby amended by granting the Executive Director and/or the Deputy Director of Finance and Administration the authority to approve the compromise or settlement of litigated and unlitigated claims or demands of the Port against others, as recommended in writing by the City Attorney, where the amount to be paid to the Port does not exceed \$25,000; and be it further

RESOLVED, That the Port shall submit a written report to the Port Commission of each settlement of litigated claims approved pursuant to the authority delegated in this resolution no later than the next regularly scheduled Port Commission meeting date after the settlement, which report shall identify the parties to the settlement, the nature of the incident giving rise to the litigation, the demand, and the amount paid or received by the Port.

***I hereby certify that the foregoing resolution was adopted by the Port Commission at its meeting of January 12, 2010.***

---

Secretary



PORT OF SAN FRANCISCO

Memorandum

OK

To : Honorable President & Member of the  
San Francisco Port Commission

Date : September 4, 1980

File No.:

From : Thomas K. Yerkes,  
Director Administration & Finance

Subject: Request Approval of Staff Operating Grants of Authority

At its April 23, 1980 meeting the Commission Reviewed a set of preliminary grants of authority which are required under management by objective, responsibility accounting and results oriented organizations, Since that time they have been refined and approved by the Port Director. Twenty-one key management positions on the staff will receive formal grants like the one for the Port Director which is attached. These grants of authority represent the formal delegation of operational responsibilities and the dollar limits for each delegation. The Port Director receives his grant from the Commission President, the Deputy Port Director receives his grant from the Port Director and so on through the organization.

The staff requests adoption by the Port Commission or these grants or operating authority.

Attachments: 4 page list of Grants  
2 page Mr. Davids Grant





Edward L. DavidPort Director

Pursuant to the action of the Port Commission on September 10, 1980, Edward L. David has been granted operating authority to execute the actions indicated below, provided they are within the scope of his assigned responsibilities and within established policies and procedures.

The Port Director is authorized to approve and execute or, to appoint subordinates to approve and execute, the following actions within prescribed limitations:

1. Within budget limits, establishment of encumbrances and modifications of existing encumbrances not in excess of \$ 50,000.00. Such encumbrances may be for purchases for capital, travel and promotion, and other operating expenses.
2. Establishment of encumbrances above budget limits not in excess of \$ 25,000.00. Such encumbrances may be established for purchases for capital, trade and promotion, and other operating expenses.
3. Certification of Port Commission actions by attesting to the signature of the President and/or members of the Port Commission on resolutions and other official documents.
4. Custodian of Records. To maintain files of and certify the authenticity of official Port Commission records.
5. Requests for additional personnel. Upon request of a department head, may approve the filling of personnel vacancies and requests for temporary employments.
6. Requests to take disciplinary action against employees, to file charges for dismissal of employees and the resolution of employee grievances. Such action shall be final unless binding arbitration or other administrative remedy is provided by Charter or Ordinance.
7. Request for approval of personnel transactions documents required for the appointment and separation of employees.
8. Request for credits to tenants and other users of Port facilities for damage claims not in excess of \$1,000.00.
9. Request for transfer of sub-object budgeted funds within a program budget.



10. Request for transier of sub-object budgeted runds between Port programs.
11. Check request for revolving fund purchases up to the limits established by ordinance.
12. Request for supplemental appropriations. Upon request of a department head, may forward such request to the Mayor, Controller and Board of Supervisors as required by charter.
13. Acceptance of federal, state or other grant funds.
14. Request from tenants and contractors for building permits for construction work to be performed on Port property.

PORT COMMISSION

---

James J. Rudden, President

PORT DIRECTOR

---

Edward L. David



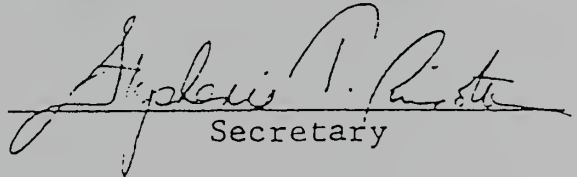
SAN FRANCISCO PORT COMMISSION  
CITY AND COUNTY OF SAN FRANCISCO

RESOLUTION NO. 80-99

BE IT RESOLVED that this Commission hereby approves the staff Operating Grants of Authority and so directs the Director to commence delegation of grants.

A copy of said grants are contained in Commission File #55-80.

I HEREBY CERTIFY that the foregoing resolution was adopted by the San Francisco Port Commission at its meeting on September 10, 1980.

  
Secretary





	9399 PORT COMM.	9383 DEPUTY PORT DIR.	9384 CHIEF, FIN. & ADMIN.	9388 CHIEF, MAR. AFFAIRS	939 EXI AS
1) ESTABLISHING ENCUMBRANCES, INCLUDING MODIFICATIONS, WITHIN BUDGET LIMITS.	\$50,000	\$30,000	\$30,000	\$30,000	\$
2) ESTABLISHING ENCUMBRANCES ABOVE BUDGET LIMITS.	\$25,000				
3) CERTIFY PORT COMMISSION ACTIONS.	X				X
4) FINAL APPROVAL OF LEASES, LICENSES, ASSIGNMENTS, AND PROPERTY TRANSFERS.	X				
5) CUSTODIAN OF RECORDS.	X		X		
6) APPROVE ADDITIONAL PERSONNEL.	X	X	X	X	
7) APPROVE DISCIPLINARY ACTIONS, DISMISSALS & RESOLVE EMPLOYEE GRIEVANCES.	X				
8) APPROVE PERSONNEL TRANSACTION DOCUMENTS REQUIRED.	X				
9) PAYROLL CHECK SIGNATOR.					
10) SETTLEMENT OF CLAIMS PROPOSED BY CITY ATTORNEY.	X				
1) ALLOW CREDITS AGAINST DAMAGE CLAIMS.	OVER \$1,000	\$1,000 OR LESS	\$500 OR LESS.		
2) TRANSFER SUBOBJECT BUDGETED FUNDS WITHIN PROGRAM BUDGET.	X	X	X	X	
3) TRANSFER SUBOBJECT BUDGETED FUNDS BETWEEN PROGRAMS.	X		X		
4) REVOLVING FUND SIGNATORS.	X		X		
5) APPROVE REQUEST FOR SUPPLEMENTAL APPROPRIATIONS.	X		X		
6) ACCEPTS GRANTS.	OVER \$50,000	\$50,000 OR LESS			
7) GRANT FINAL APPROVAL OR BUILDING PERMITS.	X				



1270	9395	1656	9307
ADMIN.	COMM.	1654	EDP
SVCS./	PROP.	ACCTS.	SUPV.
PERS.	MGR.		

) ESTABLISHING ENCUMBRANCES, INCLUDING MODIFICATIONS, WITHIN BUDGET LIMITS.	\$ 5,000	\$ 200	\$ 200	\$ 200
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) ESTABLISHING ENCUMBRANCES  
ABOVE BUDGET LIMITS.

) CERTIFY PORT COMMISSION  
CTIONS.

) FINAL APPROVAL OF LEASES,  
LICENSES, ASSIGNMENTS, AND  
PROPERTY TRANSFERS.

) CUSTODIAN OF RECORDS.

) APPROVE ADDITIONAL  
PERSONNEL.

) APPROVE DISCIPLINARY  
CTIONS, DISMISSALS & RE-  
OLVE EMPLOYEE GRIEVANCES.

) APPROVE PERSONNEL TRAN- X  
ACTION DOCUMENTS REQUIRED.

) PAYROLL CHECK SIGNATOR.

0) SETTLEMENT OF CLAIMS X  
S PROPOSED BY CITY (1654)  
ATTORNEY. ONLY

1) ALLOW CREDITS AGAINST  
DAMAGE CLAIMS.

2) TRANSFER SUBOBJECT  
BUDGETED FUNDS WITHIN  
PROGRAM BUDGET.

3) TRANSFER SUBOBJECT  
BUDGETED FUNDS BETWEEN  
PROGRAMS.

4) REVOLVING FUND X X  
SIGNATORS.

5) APPROVE REQUEST FOR  
SUPPLEMENTAL APPROPRIA-  
TIONS.

6) ACCEPTS GRANTS.

7) GRANT FINAL APPROVAL  
FOR BUILDING PERMITS.





9357	9393	9387
CHIEF	SALES	TRAFFIC
WHARF-	MGR.	MGR.
INGER		

) ESTABLISHING ENCUMBRANCES,  
INCLUDING MODIFICATIONS,  
WITHIN BUDGET LIMITS.

\$ 200

\$ 200

\$ 200

) ESTABLISHING ENCUMBRANCES  
ABOVE BUDGET LIMITS.

) CERTIFY PORT COMMISSION  
ACTIONS.

) FINAL APPROVAL OF LEASES,  
LICENSES, ASSIGNMENTS, AND  
PROPERTY TRANSFERS.

) CUSTODIAN OF RECORDS.

) APPROVE ADDITIONAL  
PERSONNEL.

) APPROVE DISCIPLINARY  
ACTIONS, DISMISSALS & RE-  
SOLVE EMPLOYEE GRIEVANCES.

) APPROVE PERSONNEL TRAN-  
SACTION DOCUMENTS REQUIRED.

) PAYROLL CHECK SIGNATOR.

0) SETTLEMENT OF CLAIMS  
AS PROPOSED BY CITY  
ATTORNEY.

1) ALLOW CREDITS AGAINST  
DAMAGE CLAIMS.

2) TRANSFER SUBOBJECT  
BUDGETED FUNDS WITHIN  
PROGRAM BUDGET.

3) TRANSFER SUBOBJECT  
BUDGETED FUNDS BETWEEN  
PROGRAMS.

4) REVOLVING FUND  
SIGNATORS.

5) APPROVE REQUEST FOR  
SUPPLEMENTAL APPROPRIA-  
TIONS.

6) ACCEPTS GRANTS.

7) GRANT FINAL APPROVAL  
FOR BUILDING PERMITS.



	9379	5210	9336	9364	9360
	CHIEF	SENIOR	HEAD	SUPT.	9361
	HARBOR	CIVIL	DREDGE	HARBOR	9362
	ENG.	ENG.	OPER.	ENG.	9363
					ASST.
					SUPS.
1) ESTABLISHING ENCUMBRANCES, INCLUDING MODIFICATIONS, WITHIN BUDGET LIMITS.	\$ 5,000	\$ 200	\$ 200	\$ 5,000	\$ 20
2) ESTABLISHING ENCUMBRANCES ABOVE BUDGET LIMITS.					
3) CERTIFY PORT COMMISSION ACTIONS.					
4) FINAL APPROVAL OF LEASES, LICENSES, ASSIGNMENTS, AND PROPERTY TRANSFERS.					
5) CUSTODIAN OF RECORDS.					
6) APPROVE ADDITIONAL PERSONNEL.					
7) APPROVE DISCIPLINARY ACTIONS, DISMISSALS & RESOLVE EMPLOYEE GRIEVANCES.					
8) APPROVE PERSONNEL TRANSACTION DOCUMENTS REQUIRED.					
9) PAYROLL CHECK SIGNATOR.					
10) SETTLEMENT OF CLAIMS AS PROPOSED BY CITY ATTORNEY.					
11) ALLOW CREDITS AGAINST DAMAGE CLAIMS.					
12) TRANSFER SUBOBJECT BUDGETED FUNDS WITHIN PROGRAM BUDGET.					
13) TRANSFER SUBOBJECT BUDGETED FUNDS BETWEEN PROGRAMS.					
14) REVOLVING FUND SIGNATORS.					
15) APPROVE REQUEST FOR SUPPLEMENTAL APPROPRIATIONS.					
16) ACCEPTS GRANTS.					
17) GRANT FINAL APPROVAL FOR BUILDING PERMITS.		X	X		



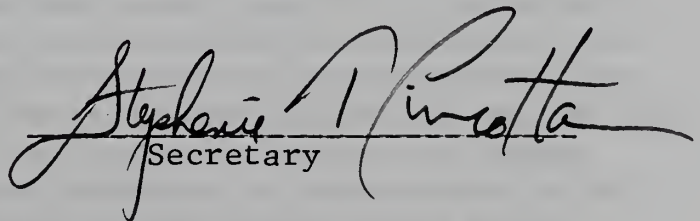
SAN FRANCISCO PORT COMMISSION  
CITY AND COUNTY OF SAN FRANCISCO

RESOLUTION NO. 80 - 112

RESOLVED that the Port Commission amended the Operating Grants of Authority for the Port by providing a \$ 5000. limit under which the Port Director and/or the Director of Administration and Finance may authorize settlement of claims as proposed by the City Attorney.

FURTHER RESOLVED that the Port Commission further amended the Operating Grants of Authority to include "AUTHORIZE FILING OF PERMITS" to be granted to the Port Director.

I hereby certify that the foregoing resolution was adopted by the San Francisco Port Commission at its meeting of October 22, 1980.

  
Secretary







## MEMORANDUM

January 6, 2010

**TO:** MEMBERS, PORT COMMISSION  
Hon. Rodney Fong, President  
Hon. Stephanie Shakofsky, Vice President  
Hon. Kimberly Brandon  
Hon. Michael Hardeman  
Hon. Ann Lazarus

**FROM:** Monique Moyer *M Moyer*  
Executive Director

**SUBJECT:** Request Authorization to Advertise for Competitive Bids for Construction Contract No. 2739, Pier 33 Sidewalk Improvement Project, to facilitate access/egress to Pier 35 Cruise Terminal

**DIRECTOR'S RECOMMENDATION:** Approve Attached Resolution

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### INTRODUCTION

Port staff requests that the Commission authorize the advertisement for competitive bids for construction contract No. 2739, Pier 33 Sidewalk Improvement Project. To facilitate access/egress to Pier 35 Cruise Terminal, this Project scope includes removal of the "sidewalk bulb-out" (protruded sidewalk portion) in front of Pier 33, and changing the raised art ribbon to flush sections on the north and south of Pier 31.5 driveway.

### BACKGROUND

Pier 35 has served as the Port's Cruise Terminal for many years. Prior to September 11, 2001, there were no restrictions for guests or vehicles entering the cruise terminal. The Maritime Transportation Security Act of 2002 required that our terminal operator, Metro Shore Services, submit a Facility Security Plan to the Coast Guard for their approval. This plan addresses many security components including vehicle circulation and access. Provisioning truck and buses carrying ticketed passengers are allowed access into the terminal building provided that the ship agents send Metro Shore Services a list of expected vehicles. Taxis and personal vehicles are excluded from entering the terminal. These vehicles must queue outside the terminal. The curb lane directly in front of the terminal is exceptionally wide and works well for this purpose. Unfortunately the curb lane

This Print Covers Calendar Item No. 8C



disappears at the Pier 33 driveway or "sidewalk bulb-out" which forces the queuing vehicles into the northbound Embarcadero traffic lane. By removing this "sidewalk bulb-out" we would be able to increase the number of queuing vehicles without impacting traffic. The Port hires off duty police officers and parking and traffic personnel to assist in traffic flow in the terminal area on cruise ship days. The Port will further benefit as it will allow us to install an additional 5 parking meters.

The San Francisco Bay Conservation and Development Commission (BCDC) has requested the Port remove the raised sections of art ribbon north and south of the Pier 33.5 driveway to provide more area for pedestrian circulation in front of Piers 33 – 35 as the "sidewalk bulb-out" removal is taking away public access area. The raised art ribbon removal is a condition of BCDC permit. BCDC Permit requires the Port to start the Project construction before June 1, 2010.

To implement this project, the existing poles, fixtures and other utility boxes within the "sidewalk bulb-out" would be relocated to an in-line alignment with the other utility poles and fixtures on the Embarcadero.

The proposed project scope is as shown in the attached plan, which includes:

1. Removing the existing "sidewalk bulb-out", and reconstruction of affected roadway, sidewalk and curb. The bulb-out area dimensions approximately 9' wide by 173' long in front of Pier 33.
2. Removing the 5-foot wide raised art ribbon blocks north and south of the P33.5 driveway, and replace with flush section art ribbon blocks. The total length of the south section is 40 ft, and the north section is also 40 ft.
3. Relocating an overhead pole owned by San Francisco Municipal Railway.
4. Relocating a traffic signal owned by San Francisco Department of Public Transportation.
5. Relocating a fire box, a pull box, and a conduit owned by San Francisco Fire Department at the project site.

The Port Engineering staff has worked with the City's Bureau of Engineering, Department of Public Works (DPW,) to provide design for the project. The construction documents are nearly complete. Items 1 and 2 above are the scope of Contract No. 2739, which will be advertised for competitive bids. The engineer's estimate for the work included in this contract is \$140,000.

The Port Engineering staff negotiated with the City's Municipal Railway, Department of Public Transportation (DPT), to provide construction of item 3 above. For the services, the two Departments have agreed upon a total fee of \$10,688.

The Port Engineering staff negotiated with the City's Department of Public Transportation (DPT) Signal Shop, to provide construction of item 4 above. The estimated cost is around \$14,000. A final agreement is being negotiated with DPT Signal Shop.





The Port Engineering staff negotiated with the City's Department of Technology (DT), to provide construction of item 5 above. For the services, the two departments have agreed upon a total fee of \$1,936.

The project will be advertised through the following channels:

- Human Rights Commission list of certified Micro-LBE Contractors through the use of the Pilot Set-Aside program under Section 14B.7(K)(1) of the Ordinance
- Port Internet site
- City and County of San Francisco Office of Contract Administration Internet site
- Plan Rooms (Builders Exchange, Contractors Information Network, etc.) 18 total
- Newspaper (SF Chronicle)

Port Staff has submitted the project scope and estimate to the Human Rights Commission (HRC) for review. They recommended this project be issued under the HRC pilot Set-Aside program for public works construction. By doing so, the Port participates in the local economic stimulus. This program creates an opportunity for small, local firms. It builds capacity of these businesses, keeps contract dollars in the local economy, increases payroll taxes, and generates multiplier effects.

In soliciting bids for this contract, Port staff will adhere to the HRC pilot Set-Aside Program bidding procedures and requirements for competitive award to a certified Micro-LBE. Chapter 14B of the San Francisco Administrative Code defines a Micro-LBE contractor as having average gross annual receipts in the prior three fiscal years that do not exceed \$7,000,000. Under the Chapter 14B Program, the Port may set-aside for competitive award to Micro-LBEs any public works construction contract estimated to be \$250,000 or less. These Contractors are certified by the HRC and listed on their Website. Contractors who qualify but are not certified must submit their LBE/Micro-LBE Certification Application and be certified by the bid due date.

Contracts that are set-aside for award to Micro-LBEs are not subject to subcontracting goals under Section 14B.8 of the San Francisco Administrative Code. In addition, Micro-LBEs that subcontract any portion of a set-aside contract must serve a commercially useful function based on the contract's scope of work, and must perform at least 50% of the contract work.

## **PUBLIC OUTREACH**

The Port has presented this project to the public at four public hearings.

1. At the Port Commission Meeting on February 13, 2007, this project was presented as one of the Port's Capital Plan Projects, and was approved by the Port Commission on February 27, 2007 (Resolution No. 07-16).
2. The Board of Supervisors and Mayor Gavin Newson approved funding for this project through the Annual Consolidated Appropriation ordinance, which included this project. (File name 070773, Ordinance number 174-07 – The Port's Capital Project Budget is on Page 113)



3. On January 10, 2008 this project was presented and approved at an Interdepartmental Staff Committee on Traffic and Transportation (ISCOTT), a meeting that is also attended by the public.
4. On February 6, 2008, this project was presented to the Port's Northeast Waterfront Advisory Group (NEWAG). One member of NEWAG suggested that the Port identify a long-term solution for taxi queuing along the waterfront and potentially create a taxi queue area on Pier 31. This solution would require taxis to cross Herb Caen Way, which would create greater pedestrian conflicts than the proposed project. Another respondent asked if the San Francisco Bicycle Coalition (SFBC) had been notified about this project. Although SFBC staff was notified about this meeting and agenda, SFBC did not attend the meeting and as of the date of this report has not provided any comments on this project.

The Port has received supportive comments for this project from other City agencies including the Department of Parking and Traffic. The suggested alternative solution received from the public at the above mentioned NEWAG meeting is not being studied because it would cause greater pedestrian conflict in the project area than the proposed solution.

### **REGULATORY APPROVALS**

The "sidewalk bulb-out" removal project is being permitted as an amendment to BCDC permit 8-90 for the Embarcadero Roadway Project. Since DPW and the Port were co-permittees on BCDC permit 8-90, subsequent amendments to this permit that alter the roadway require signatures from both DPW and the Port. As of December 22, 2009, the Executive Directors of the Port and DPW have signed the permit amendment for the project. Through this action, the Directors of the Port and DPW have finalized approval of the permit amendment and committed to the project and the time-line as described in the permit.

On June 29, 2009, the Port submitted a Environmental Exemption application to City Planning's Major Environmental Analysis (MEA) Division to confirm the Port's determination that based on the project description, the proposed "sidewalk bulb-out" removal project is exempt from California Environmental Quality Act (CEQA) as it falls under the CEQA exemption Class 1(c) 5: ... " Existing highways and streets, sidewalks, gutters, bicycle and pedestrian trails, and similar facilities ...5. All work on sidewalks, curbs and gutters". The MEA Division confirmed this determination on July 6, 2009.

### **FUNDING STATUS**

The Port Commission approved \$200,000 in capital project funding in Fiscal Year 2008/09 for Pier 33 Curb Cut ("bulb-out" removal):

\$ 200,000 CPO771 Pier 33 to 35 Curb Cut, Port's FY 2008-09 Budget





The estimated cost breakdown is as follows:

\$ 140,000	Contract No. 2739 Construction Cost
\$ 15,000	Design Cost
\$ 10,688	Construction work performed by Municipal Railway
\$ 14,000	Construction work performed by DPT Signal Shop
<u>\$ 1,936</u>	Construction work performed by City's Department of Technology
\$ 181,624	Estimate Project Cost
<u>\$ 18,162</u>	Add 10% Project Contingency
\$ 199,786	Total required funding

## **PROJECT SCHEDULE**

The tentative project schedule anticipating NTP for Contract No. 2739 by May 1, 2010, is summarized below:

Commission Approval to Advertise	January 12, 2010
Commission Authorization to Award	March 23, 2010
Notice to Proceed	May 1, 2010
Substantial Completion	July 31, 2010

Other construction work, as shown in project scope items 3, 4 and 5, is scheduled to be completed by May 1, 2010.

This project will be constructed during the height of cruise season. Metro Shore Services expressed to Port Staff that they are anxious to get this project completed. Port Engineering, Maritime and Real Estate Staff will schedule and coordinate the work to avoid construction activities on days of double cruise ship calls and weekend calls. For the other cruise calls days, Port Staff will work with Metro Shore Services to mitigate the construction impacts to the passengers and operations.

## **SUMMARY**

Port staff recommends that the Port Commission authorize the advertisement for competitive bids for construction Contract No. 2739, Pier 33 Sidewalk Improvement Project.

Prepared By: Ken Chu, Project Manager  
Kanya T. Dorland, Planner  
Denise Turner, Marketing Research Specialist

For: Ed Byrne, Chief Harbor Engineer





**PORT COMMISSION  
CITY AND COUNTY OF SAN FRANCISCO**

**RESOLUTION NO. 10-02**

- WHEREAS, Port staff are prepared to advertise and seek competitive bids for the Pier 33 Sidewalk Improvement Project, Contract No. 2739 (the "Project"); and
- WHEREAS, the construction Project will improve traffic flow on the Embarcadero Roadway, by accommodation of loading and unloading in front of Piers 33 to 35 more effectively; and
- WHEREAS the Project scope includes removing the existing "sidewalk bulb-out" (protruded sidewalk portion), which measures approximately 9' wide by 173' long, in front of Pier 33, and removing the 5-foot wide raised art ribbon blocks on the north and the south side of the Pier 33.5 driveway and replacing them with flush section art ribbon blocks; and
- WHEREAS, the current engineering construction cost estimate for the Project is \$181,624, and with a 10% contingency of \$18,162, the total estimated cost is \$199,786; and
- WHEREAS, the estimated Project cost, including 10% contingency, is fully funded by the Port's Capital Funds; and
- WHEREAS, the Project is being permitted as an amendment to the San Francisco Bay Conservation and Development Commission Permit 8-90 for the Embarcadero Roadway Project, and received a determination from the City Planning Department as categorically exempt from the California Environmental Quality Act ("CEQA"), as described in detail in the attached Staff Memorandum; and
- WHEREAS, the San Francisco Human Rights Commission has reviewed the Project scope and cost estimate and recommended this Project be issued under the HRC pilot Set-Aside program, and Port staff have agreed to adhere to Human Rights Commission (HRC) pilot Set-Aside Program bidding procedures and requirements for competitive award to a certified Micro-LBE, as described in detail in the attached Staff Memorandum; now, therefore be it
- RESOLVED, that the San Francisco Port Commission hereby authorizes Port staff to advertise for and accept competitive bids for Contract No. 2739, Pier 33 Sidewalk Improvement Project.

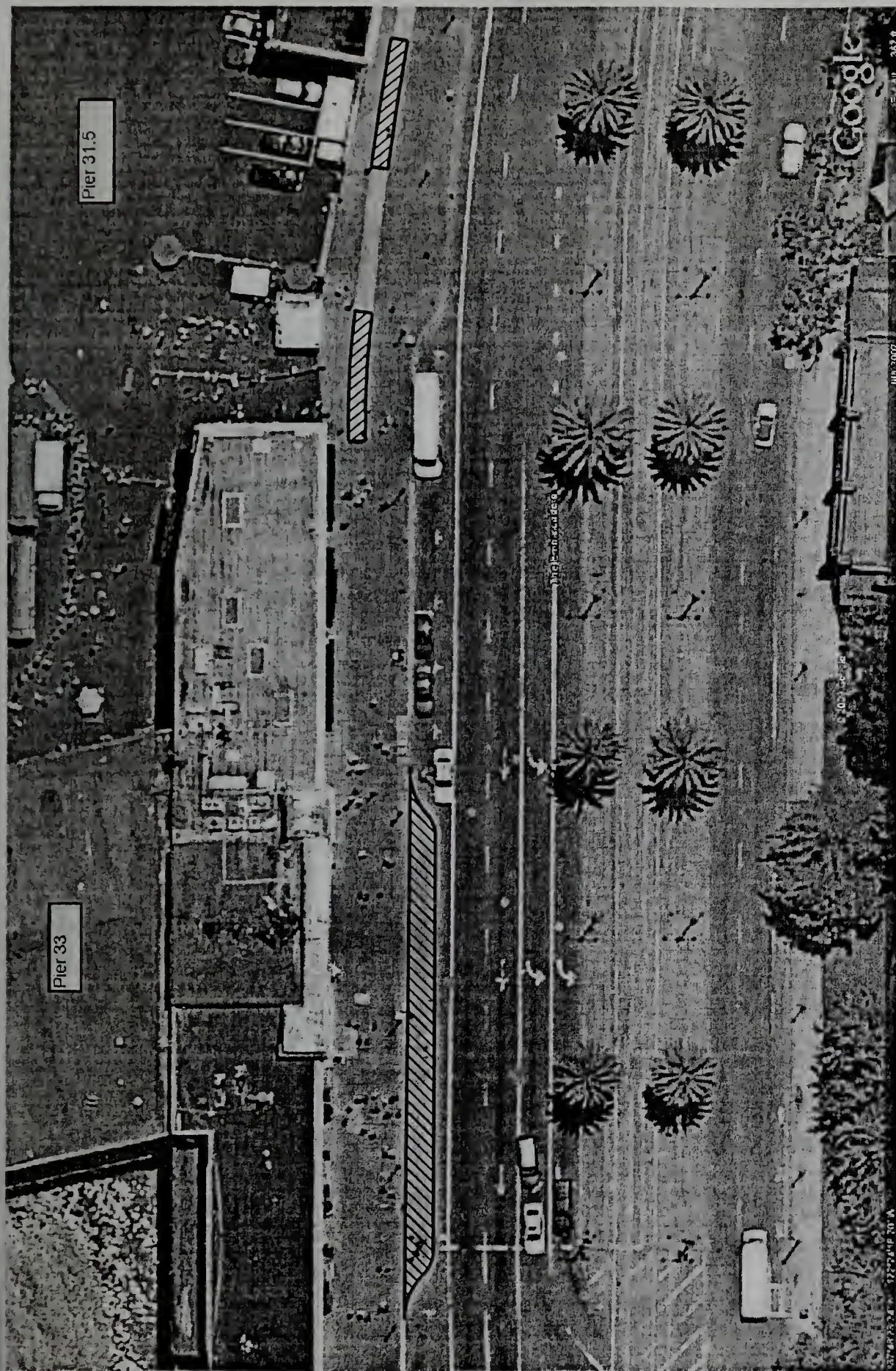
***I hereby certify that the foregoing resolution was adopted by the San Francisco Port Commission at its meeting of January 12, 2010.***

---

Secretary







**Pier 33 Sidewalk Improvement Project Scope:**

1. Removing the existing "sidewalk bulb-out" in front of Pier 33.
2. Removing raised art ribbon blocks north and south of the Pier 33.5 driveway, and replace with flush section.











## MEMORANDUM

January 6, 2010

**TO:** MEMBERS, PORT COMMISSION  
Hon. Rodney Fong, President  
Hon. Stephanie Shakofsky, Vice President  
Hon. Kimberly Brandon  
Hon. Michael Hardeman  
Hon. Ann Lazarus

**FROM:** Monique Moyer, *M. Moyer*  
Executive Director

**SUBJECT:** Request authorization to apply for, accept and expend \$500,000 in grant funds from the California Cultural and Historical Endowment for the Pier 70 Union Ironwork's Machine Shop Stabilization Project

**DIRECTOR'S RECOMMENDATION:** Approve Attached Resolution

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The California Cultural and Historical Endowment (CCHE) is charged with disbursing historic resource funds of the California Clean Water, Clean Air, Safe Neighborhood Parks, and Coastal Protection Act of 2002, more commonly known as State Proposition 40. In 2007, the Port received a planning grant from CCHE that funded portions of the Pier 70 Master Plan. The Port, based on its status as a prior planning grant recipient, is eligible to apply for a Round IV capital grant for up to \$500,000 for a project that preserves a compelling story of Pier 70's role in California's history. The grant requirements call for "shovel ready" projects with secured permits, and matching funds, that can be completed by May 2013.

The Pier 70 Master Plan presents a program for new development, historic rehabilitation, park, open space and infrastructure improvements to revitalize the area. The financing program offers lease and tax revenue that, over a long term horizon, fund the costs of the project partnering with private sector investment.

The Union Ironworks Machine Shop is one of the most valuable and vulnerable historic structures at Pier 70. The CCHE Grant application would be to secure funds to stabilize and retard future deterioration of the Union Iron Works Machine Shop. Port staff has engaged architectural and engineering consultants to devise a stabilization plan for the building that forestalls further deterioration. The stabilization will both address a current

**This Print Covers Calendar Item No. 8D**



safety hazard and be a first step toward the full rehabilitation of this very significant structure. Port funds matched with the grant (if awarded) would be utilized to construct improvements as detailed in the consultant's design.

The CCHE grant requires 60-percent matching funds during the grant contract. If the Port is awarded \$500,000 for the project, the local match would be \$300,000. The Port's FY 2009/2010 professional services budget will fund most of the matching funds for the design and engineering services. The FY 2010/11 annual capital budget will include additional funds for this project. The granting process is likely to be very competitive and the Port may receive a partial award of funds, requiring a smaller match.

The CCHE process requires the governing body to adopt a resolution authorizing submission of an application for this grant prior to February 10, 2010, as well as for entering into the grant contract, should the application be approved. The grant contract requires the Port to indemnify the CCHE from any claims that might arise related to this grant.

### **Port Commission Action**

Port staff seek Port Commission authorization for the Executive Director to apply for, accept, and expend grant funds from CCHE for this project and to indemnify CCHE as required by the terms of the grant.

Prepared by: Kathleen Diohep  
Project Manager

For: Byron Rhett  
Director of Planning and Development



**PORT COMMISSION  
CITY AND COUNTY OF SAN FRANCISCO**

**RESOLUTION NO. 10-05**

- WHEREAS, the people of the State of California have enacted the California Clean Water, Clean Air, Safe Neighborhood Parks, and Coastal Protection Act of 2002, which provides funds to the State of California for the California Cultural and Historical Endowment (CCHE) Grant Program; and
- WHEREAS, the Port is eligible to apply for a Round IV capital grant for the Pier 70 effort under the CCHE Grant Program and has identified the stabilization of the Union Ironworks Building as the specific project for this grant ("the Project"); and
- WHEREAS, the California Cultural and Historical Endowment (CCHE) has been delegated the responsibility for the administration of the Grant Program, setting up necessary procedures; and
- WHEREAS, these procedures require the Grant Applicant to certify by resolution the approval of an application before submission of the application to CCHE; and
- WHEREAS, if the Port is awarded a grant, the Port will enter into a Grant Agreement with CCHE for the Project, provide 60% matching funds and indemnify CCHE; now, therefore, be it
- RESOLVED, that this Port Commission:
- 1) Approves the filing of a CCHE Capital Grant Application for the Pier 70 project to be funded from the California Clean Water, Clean Air, Safe Neighborhood Parks, and Coastal; Protection Act of 2002; and
  - 2) Certifies that the Grant Applicant has or will have sufficient funds to operate and maintain the Project, and where applicable, to complete the Project; and
  - 3) Certifies that the Grantee has reviewed, understands and agrees to the General Provisions of the CCHE Grant Application and Grant Agreement including indemnification; and
  - 4) Appoints the Executive Director of the Port (or her designee) as agent to conduct all negotiations, execute and submit all documents including, but not limited to, Applications, Agreements, payment requests, and other documentation which may be necessary for the completion of the Project; and be it further
- RESOLVED, that this Port Commission hereby authorizes the Executive Director to seek Board of Supervisors approval to accept and expend the grant, if awarded; and be it further





RESOLVED, that the Executive Director (or her designee) is hereby authorized to execute such additional documents or take such additional actions as are necessary to implement the Project, including the Grant Agreement that includes the Port's agreement to indemnify the State for liability associated with the Project to the extent approved by the City's Risk Manager and the City Attorney's Office.

***I hereby certify that the foregoing resolution was adopted by the Port Commission at its meeting of January 12, 2010.***

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Secretary





## MEMORANDUM

January 4, 2010

**TO:** MEMBERS, PORT COMMISSION  
Hon. Rodney Fong, President  
Hon. Stephanie Shakofsky, Vice President  
Hon. Kimberly Brandon  
Hon. Michael Hardeman  
Hon. Ann Lazarus

**FROM:** Monique Moyer *U Moyer*  
Executive Director

**SUBJECT:** Request authorization to award, subject to the Board of Supervisors approval, a three-year lease for surface parking between the Port of San Francisco and Central Parking System, Inc. Lease No. L-14795 for Bid Opportunity A: Seawall Lot 301 commonly known as the Triangle Parking Lot, and SWL 314 located in the Northern Waterfront.

**DIRECTOR'S RECOMMENDATION:** Approve Attached Resolution

---

### BACKGROUND

On October 13, 2009 the Port Commission approved Resolution No. 09-13, authorizing Port staff to offer through competitive bid a three-year lease for surface parking: Opportunity A: Seawall Lot ("SWL") 301, commonly known as the Triangle Parking Lot, bounded by Taylor Street, Jefferson Street, and Powell Street, and SWL 314, bounded by the Embarcadero and Bay Street, and Kearny Street. Both Seawall lots are located in the Northern Waterfront, see attached maps.

The process was to culminate in the award of a lease with a term of three (3) years. The successful bidder would be selected based on proposing the highest minimum monthly rent for the opportunity and meeting the minimum qualifications for experience and financial standing.

The submittal date for the bids was November 18, 2009, at which time the bids were publicly opened and ranked in order of highest bid. The Port received requests for thirty-eight (38) bid packages. Eventually the Port received three (3) qualified bids for Opportunity A. The bids were ranked accordingly:

**THIS PRINT COVERS CALENDAR ITEM NO. 9A**



### **Bid Ranking Opportunity A, Dollars Per Month**

1. Central Parking System, Inc.	\$160,916.00
2. Pacific Park Management, Inc.	\$146,111.11
3. Imperial Parking (U.S.), Inc.	\$141,888.89

Port Staff recommends that the Port Commission award, subject to Board of Supervisors' approval, the three-year lease to the qualified highest bidder, Central Parking System, Inc. Port staff further requests that the Port Commission authorize the Executive Director to forward the lease to the Board of Supervisors for approval.

### **Analysis**

There are currently two parking lot operators in the Northern Waterfront. In order to gain economies of scale that would result in better economic returns, Port staff reconfigured the parking lots in the bid opportunities. Staff also sought to provide various parking alternatives to the Port's parking customer base, such as hourly, daily, valet parking, and where permitted, monthly parking. To achieve these goals, the lots were combined as bid Opportunity A consisting of SWL 301 (71,545 s.f.) and SWL 314 (31,114.9 s.f.).

Currently, the Fisherman's Wharf Triangle Parking Lot at SWL 301 operates through a direct month-to-month operating agreement between the Fisherman's Wharf Restaurant Association ("Association") and the Port of San Francisco. The Association sublets the lot to a parking operator.

The current operating agreement returns approximately \$30,000 per month (\$0.42 per square foot per month) to the Port after the deduction of operating expenses by the Association and includes free validated parking for some Port restaurant tenants. The agreement does not contain a percentage rent provision. Therefore, the Port has not participated in any revenue overages derived from the lot.

Under the proposed new lease with Central Parking System, Inc., the Port is guaranteed the greater amount of either \$112,142.36 per month (\$1.57 per square foot) or 66% of all gross receipts net of the City Parking Tax. This represents an approximate 274% incremental increase in revenue to the Port over the existing operating agreement. The lot will continue to provide for a high level of customer service to Fisherman's Wharf visitors with specific hours of free-validated parking to both the existing restaurant participants and an additional number of the Port's Fisherman's Wharf retail tenants.

Central Parking Systems, Inc. is the current lessee at SWL 314 and provides monthly rent equal to the greater amount of \$25,437.00 (\$0.86 per square foot) or 66% of all gross receipts net of City Parking Tax. Under the new proposed lease with Central Parking System, Inc., the new monthly rent is the greater of \$48,773.64 (\$1.57 per square foot) or 66% of all gross receipts net of City Parking Tax. This represents an approximate 80% incremental increase in revenue to the Port over the existing lease.





## LEASE TERMS

- **Tenant** Central Parking System, Inc.
- **Lease No.** L-14795
- **Premise** SWLs 301 and 314
- **Lease Commencement** Following Board of Supervisors approval anticipated to be March 1, 2010.
- **Lease Expiration Date** 36 months following the commencement date.
- **Monthly Base Rent ("Minimum Rent")** \$160,916.00
- **Security Deposit** Stand By Letter of Credit or Certificate of Deposit acceptable in lieu of cash at Port's sole discretion.
- **Rent Adjustment** Annual 3.5%
- **Percentage Rent** The greater amount of the base rent or 66% of gross receipts net of City Parking Tax.
- **Use** Operation of surface parking Lot.
- **Right of Recapture** Port may recapture all or portion of premises with notice.
- **Operations Plan** Tenant is required to submit and comply with Port approved Operations and Customer Service Plan (Attached hereto as Exhibit B).
- **Expansion Sites** Pier 45, Shed A and C
- **Expansion Sites Rent** 66% of Gross Sales after the deduction of Parking Tax.
- **Special restrictions**
  - (a) SWL 301 monthly parking prohibited;
  - (b) Must provide free validated parking to Port Fisherman's Wharf retail tenants for specified duration during specific hours. In order to participate, Port tenant will be required to purchase validation equipment which ranges in cost from \$500 to \$2,500;
  - (c) Tenant shall make some or all of SWL 314 available for parking and staging to support cruise ships with notice from Port at market rates;
  - (d) Tenant shall make a minimum of 20% of stalls at SWL 314 available on an hourly basis to support local merchants.



## **RECOMMENDATIONS**

Port staff recommends that the Port Commission approve the three-year lease for surface parking in the Northern Waterfront between the Port of San Francisco and Central Parking System, Inc., Lease No. L-14795, for SWLs 301 and 314 and authorize the Executive Director to forward said Lease to the Board of Supervisors for award and approval pursuant to Board's authorization under Charter Section 9.118, and upon the effectiveness of such approval, execute said lease.

Prepared by: Jeffrey A. Bauer, Senior Commercial Leasing Manager  
For: Susan Reynolds, Deputy Director, Real Estate



**PORT COMMISSION  
CITY AND COUNTY OF SAN FRANCISCO  
RESOLUTION NO. 10-04**

- WHEREAS, Charter Section 4.114 empowers the Port Commission with the power and duty to use, conduct, operate, maintain, manage, regulate and control Port area of the City and County of San Francisco; and
- WHEREAS, surface parking generates a significant revenue stream to the Port, and the Port desires to operate its parking lots in an efficient manner while maximizing revenues; and
- WHEREAS, the Port requires continued operation of SWLs 301 and 314, located in the Northern Waterfront, for parking by both Port tenants and the public; and
- WHEREAS, On October 13, 2009, pursuant to Resolution 09-13, the Port Commission authorized staff to competitively bid a three-year lease for surface parking lots in the Northern Waterfront: Bid Opportunity A: SWLs 301 and 314; and
- WHEREAS On November 18, 2009 bids were publicly opened and ranked in order of highest bid, the results are enumerated in the staff report; now, therefore, be it
- RESOLVED, That the Port Commission awards, subject to Board of Supervisors' approval, the Leases on the terms described in the attached staff report and authorizes and directs the Executive Director or her designee to forward the Lease to the Board of Supervisors (the "Board") for approval, pursuant to the Board's authority under Charter Section 9.118, and upon the effectiveness of such approval, to execute the Lease; and, be it further
- RESOLVED, That the Port Commission authorizes the Executive Director to enter into any additions, amendments, or other modifications to the Lease that the Executive Director, in consultation with the City Attorney, determines are in the best interest of the Port, do not materially increase the obligation or liabilities of the City or Port, and are necessary or advisable to complete the transactions which the Lease contemplate and effectuate the purpose and intent of this Resolution, such determination to be conclusively evidenced by the execution and delivery by the Executive Director of the Lease, and any such amendments hereto.

***I hereby certify that the foregoing resolution was adopted by the Port Commission at its meeting of January 12, 2010.***

---

Secretary







EXHIBIT A

INITIALS: PORT: \_\_\_\_\_ TENANT: \_\_\_\_\_ DATE: \_\_\_\_\_

LEASE NO. <b>L-14795</b>	<b>SAN FRANCISCO PORT COMMISSION</b> PORT OF SAN FRANCISCO DEPARTMENT OF ENGINEERING		TENANT	<b>CENTRAL PARKING SYSTEM, INC.</b>	
	DRAWN BY: ECC CHECKED BY: J. BAUER PLACE CODE NO.		DATE:	SCALE: NONE	SHEET NO. OF SHEETS
				3140-00	1 OF 1



# **OPERATIONS PLAN TRIANGLE LOT**

**Introduction:**

This manual is designed to provide a standard set of operational procedures and policies in all aspects of the Triangle lot owned by the Port of San Francisco.

The parking facility consists of approximately 286 marked stalls and serves the patrons of the local eateries along the Fishermans Wharf and Piers, as well as the adjacent businesses. The express intent of this facility is to provide easily accessible and convenient parking for all transient users.

New South Parking will work closely with Port of San Francisco to maintain the high standards of customer service expected. A Central Parking Area Manager and field staff will be fully responsible for all aspects of the operation and will be supported by the General Manager. This Plan of Operations will be updated and revised as warranted.

**Contact List:**

<b>Kyle Dunst</b>	<b>General Manager</b>	<b>415.793.3411</b>
<b>Anthony Mazeika</b>	<b>Operations Manager</b>	<b>310.527.1282</b>
<b>Alli Lopez</b>	<b>Area Manager</b>	<b>415.317.4898</b>
<b>Louis Vasquez</b>	<b>Human Resources</b>	<b>415.317.4898</b>
<b>San Francisco Office</b>		<b>415.277.0400</b>
<b>Jeff Bauer</b>	<b>Port of San Francisco</b>	<b>415.544.1714</b>

**Proposed Rates:**

The current market rates are significantly below market. Upon taking control of the Triangle lot, Central Parking will raise the incremental rate from \$2.00 every thirty minutes to \$3.00 every twenty minutes and continue to honor all contractual obligations to any vendors with validations. The rates for transient patrons will be reviewed on a regular basis, with all cash control procedures being enforced to insure that revenue will be maximized at the facility.

**Hours of Operation:**

The facility will be automated and open for daily parking 24 hours a day, seven days a week. Staffing will be from 7:00 AM to 10:00 PM

**Equipment:**

Central Parking will install automation equipment at both points of entry. Although we have yet to determine the manufacturer, the equipment will benefit the facility in two ways: the cash will be out of attendants' hands, and the attendants will be more efficient at unblocking vehicles for patrons who have already paid. Vendors that chose to validate will be given a "shell" that encrypts a validation onto a magnetic stripe ticket.





### Proposed Staffing Plan:

<u>Employee</u>	<u>Start Time</u>	<u>End Time</u>	<u>Total Hours</u>
Area Manager	N/A	N/A	4
Attendant 1	7 AM	3 PM	8
Attendant 2	7 AM	3 PM	8
Attendant 3	7 AM	12 PM	5
Attendant 4	1 PM	8 PM	7
Attendant 5	3 PM	8 PM	5
Attendant 6	2 PM	10 PM	8

### Operations:

The staffing will be staggered with some part time shifts for the morning and evening rush mingled with several all-day employees who will work one or part of both rushes. We anticipate a staff of 7-8 employees including management. We will staff individuals beginning at 7:00 AM and will have a continuous presence until 10:00 PM, if necessary. During downtime the attendants will restack vehicles in order to allow the quickest egress pattern. They will have the ability to stack vehicles in order of egress times because the attendant will ask each parker, at the time they park, what time they will be returning and mark that return time on the valet portion of the ticket.

Traffic control is vital in the success of this operation. Our staff will initially greet each customer then direct them to the stall in which they may park. Once the self-park spaces are full, Valet attendants will begin stacking vehicles at the far end, in rows, facing the self park spaces. During peak time, this process would continue until the lot is full. Once Lot One is completely full, the attendants would then direct traffic to the overflow lot (Pier 45 sheds).

The attendants will visually inspect each vehicle to note all pre-existing dents, scratches, etc. Each customer will receive a ticket in return for their car keys. This ticket will be the customer's vehicle claim check when they arrive back at the station to retrieve their vehicles. All vehicle keys must remain in our possession in order to have the ability to move the vehicles within the stacking area. We will lock all of the vehicle keys in a centrally located booth. All attendants will have a key to the key box for security and easy.

### Job Description and Responsibilities of On-Site Manager

The Area Manager has the responsibility of organizing and directing subordinate personnel in all aspects of required procedures and standards necessary to maintain a professional, first class, day-to-day operation. A list of duties to be performed by the Area Manager includes, but is not limited to, the following:

- Maintain close liaison with the GM on the day-to-day operations, advising of any problems encountered or anticipated and assure complete compliance with the Port of San Francisco's requirements on matters of accountability, security and daily operational requirements.
- Observing and evaluating the performance of each employee under his direction. He will conduct unannounced personal inspections at various times of the day and week, including non-business hours to effect such observation and evaluation.
- Be responsible for achieving superior level of customer service from all employees.
- Monitor and review all required operational logs; i.e. claims reports, equipment maintenance, and revenue reports for completeness and accuracy and assuring that adequate records are maintained.
- Works closely with technicians on day-to-day equipment operation and assure cooperation of CPS personnel with regard to equipment malfunctions.
- Monitor and review line level and supervisory work schedules to ensure contractual staffing requirements are maintained and overtime is kept to a minimum.
- Assists in the evaluation process of employees within the trainee/probationary periods and reviewing their strengths/weaknesses and any required performance improvements prior to permanent assignment.



**Personnel and Uniforms:**

All personnel at the Triangle Lot will be employees of Central Parking System, Inc. All potential employees will be screened by Central Parking System, Inc. An employment application is completed by each prospective employee and all persons interested in employment must fill out a pre-employment honesty survey. All interviews for line level employees are done by the on-site manager, with interviews for clerical or management positions being approved by the General Manager. There is a 90 day probationary period for all new employees. At the conclusion of this period, the employee's job performance is discussed in confidence and a determination is made on whether or not they meet our criteria for continued employment beyond the probationary period. All employees are paid by Central Parking System, who is also responsible for making all payroll deductions and filing all required local, state and federal taxes.

It is Central Parking's policy to grant promotion and pay increases on a collective bargaining agreement basis. Raises are given automatically. Hourly pay raises are typically given to union employees after six months for progressionary employees and on December 1<sup>st</sup> as per the bargaining agreement.

An "open door" policy is maintained at Central Parking System, Inc. This works to facilitate communication from employees at every level, and helps to better determine any needs that might affect the operation of the facility. All employees are expected to adhere to CPS code of conduct and behave in a professional and courteous manner at all times.

All Central Parking System and Regional Office staffs, including company officers, are available to assist the staff on all matters relating to the operation of the Triangle Lot parking facility. All managers are on call 24 hours a day, seven days a week, to attend to the operation of the facility. Employees will be in uniform with nametags. Laundering of individual maintenance uniforms will be performed by the uniform leasing company. Maintenance employees will turn their uniforms in to the uniform leasing company for laundering and repairs such as stain removal, button replacement, or patching if uniforms are torn or ripped.

**Alcohol and Drug Use:**

Managers and supervisors shall not allow an employee to perform work at the location, if the manager or supervisor has actual knowledge or a reasonable suspicion that an employee has alcohol in his or her possession, is using alcohol or has used alcohol within eight (8) hours of reporting for work. Managers and supervisors must not allow employees who have an alcohol concentration of 0.00 or greater to remain at work.

In addition managers and supervisors shall not allow an employee to perform work at the location, if the manager has actual knowledge or reasonable suspicion that the employee is under the influence of illegal drugs or improperly using prescribed or over the counter medications. Improper use of prescription medication means the medication is not taken as directed by the employee's health care provider; improper use of over the counter medication means the medication is not taken as directed by the packaging.

It is the responsibility of the manager or supervisor to place employees who violate this policy on leave without pay immediately and to alert the General Manager to the violation.

Managers and supervisors may not allow an employee who refuses to submit to a required alcohol or controlled substances test to remain at work.

**Employee Responsibility:**

Employees covered by this policy must inform their supervisors if their use of prescribed or over the counter medications could affect their job performance or pose safety problems. Employees who are using prescription medication or over the counter medication may have to be removed from the workplace and placed on sick leave or a leave of absence, the leave of absence may be without pay.





Employees are prohibited from using illegal drugs or improperly using prescribed or over the counter medications. Improper use of prescription medication means the medication is not taken as directed by the employee's health provider; improper use of over the counter medication means the medication is not taken as directed by the packaging. In addition, employees may not consume alcohol while at work or for a period of eight (8) hours before reporting for work. No employee may have alcohol in his or her possession while at work. An employee whose alcohol blood content is determined to exceed 0.00 while at work shall be placed immediately on leave without pay until a decision concerning the continued employment of the employee can be made.

**Drug Testing:**

In the event of a large scale accident, any employee may be required to submit to testing of breath, blood or urine for the presence of alcohol, controlled substances or metabolites as such. All tests shall be conducted at a federally certified laboratory, using DOT - mandated forms and procedures.

Any employee who is involved in an accident involving personal injury or property damage while he or she is performing work at the location shall submit to a post accident test. In addition, an employee will be tested if he or she receives a citation under state or local law for a moving traffic violation arising from a motor vehicle accident.

Employees who have been involved in an accident, as set out above, shall remain readily available on the scene, at a medical facility or the nearest office for testing or will be deemed to have refused to submit to testing. In the event, an employee is deemed to be unavailable for testing, he or she will be subject to the same disciplinary actions as if he or she refused to submit to testing. This requirement to remain available for testing does not mean that an employee who needs medical attention should not seek it immediately. However, an employee who leaves the scene of the accident must immediately notify the Parking office of the accident and his or her whereabouts as soon as possible. An employee who is unable to report an accident within one hour of its occurrence will be required to explain the delay in writing to his or her manager.

**Employee Benefits:**

Employees are provided benefits as outlined in the Central Parking System Employee Handbook. These benefits include paid vacations, sick leave with pay, a retirement plan, company offered health insurance and company offered life insurance. Employee benefits are further explained in detail in the collective bargaining agreement and employee benefit manual.

**ALERTLINE (1-800-93-ALERT)**

Central Parking System is committed to providing a great work environment, but we need your help. If you become aware of business risks – situations that are harmful to you, your co workers, customers or the company – report the situation immediately to your supervisor, higher level manager or ALERTLINE. Business risks include: Work environment, Theft/Fraud and Business Integrity. Remember, creating a great work environment starts with you!

**Code of Conduct:**

- Obey all applicable laws and regulations
- Be fair and honest in all business activities and relationships
- Avoid conflicts of interest
- Support diversity and foster an atmosphere of respect and equal opportunity for all employees
- Strive to create a safe and healthy environment for employees and customers
- Record all transactions accurately and timely and safe guard Company assets





**Procedures for Handling Customer Complaints:**

Parking is the first and last experience visitors often have of a project and that the level of service is a reflection upon the Port of San Francisco. Our policy is for the trained attendant or valet to call his or her supervisor over in the event of an escalated conflict. Should the manager not be able to quickly resolve the issue, the Area Manager is called.

The office phone number, visible on all Central Parking System signage, will be provided by the attendant responding.

**Revenue Collection and Cash Handling Procedures:**

Revenue is removed and collected from machines by Area or Operation Manager only. Collection is completed prior to automatic shift closure on a daily basis. All revenue is audited and deposits are made for each pay station.

All deposits are prepared by Manager and stored in a locked office safe until picked-up by armored personnel. A daily Master Deposit Summary is created, and stored for record keeping. All managers have additional assistance available as needed 7 days a week / 24 hours a day.

- ✓ Dual counting for Pay on Foot (POF) revenues— Two persons are present for pick-up of all POF revenues.
- ✓ In the event of an equipment malfunction, Blind cash counts will occur when location is attended – Blind counts (where the manager and cashier are not aware of the amount of sales on the revenue equipment) is used for cashiered locations.
- ✓ Reconciliation of daily deposits to the monthly bank statement is completed.

Review of the Daily Cash Reports (received from managers) are reviewed as follows:

- The Revenue Auditor compares the sales amounts on the equipment reports (attached to the Daily Cash Report) to the deposit slip. The Revenue Auditor validates that the total for cash on equipment report matches the attached green deposit slip. Total cash for the day together with POF's and exits' cash collected must match the equipment - Daily Total Lane Report .
- Adjustments to system reports (i.e. system malfunctions) must be documented and supported (see below note).
- The Revenue Auditor prints the Daily Credit Card Summary report from the equipment computer. This report reflects the actual amount of Credit Cards batched for that day for each location. Total cash deposits are added to this revenue and the original DCR is revised with new Daily Total prior to entry into the DCR system.
- Using Daily Credit Card Summary report from the equipment, the auditor completes the Excel file to determine the amount that must be adjusted on the DCR report prior to entry into DCR system.
- ADS reports are pulled, and entered on the above spreadsheet as well. Any difference is adjusted on weekly basis using adjusting DCR's.
- After reviewing, the auditor enters DCR's in DCR system, recording the correct # of tickets, debiting cash deposited and amount of credit cards collected, and crediting the appropriate type of revenue ( Day Transient, Non-tax monthly, Non-tax validation or Special Event).
- DCR's roll into Revenue Summaries, which the auditor provides to the city at the end of each month as part of Monthly Reports.

**Review of bank deposit:**

- Total cash deposits are verified by checking the Total Cash report, and comparing it to the green deposit slip attached to it. Finally, green deposits slip are added up and compared to cash deposits stated on the Daily Cash Report.
- Deposit Summaries which have yellow slips attached are audited as well. All deposits made that are stated on Deposit summary are accounted by verifying yellow deposit slips.



If there are discrepancies, it is noted on the original deposit summary, before it is sent to the city.

#### Review of bank deposit:

- Total cash deposits are verified by checking the total cash on the Audit report and cashier's report, and comparing it to the green deposit slip attached to it. Finally, green deposits slip are added up and compared to cash deposits stated on the Daily Cover Sheet.
- Deposit Summaries which have yellow slips attached are audited as well. All deposits made that are stated on Deposit summary are accounted by verifying yellow deposit slips. If there are discrepancies, it is noted on the original deposit summary, before it is sent to the city. (Note, credit card transactions are seen on the bank slip)

#### **Entry Fail Contingency:**

All managers, ambassadors and maintenance have been trained for immediate repair of light to medium equipment failures. In the Event of long term equipment failure or urgent entry needs, customers are directed to use alternate entry at manager's direction using on-site personnel, red cones, on-site signage, barricades and electronic signage.

In the event of catastrophic entry failure, ambassadors will, at managers direction issue tickets manually by stamping entry date/time and replacing these tickets prior to exit.

#### **Exit Fail Contingency:**

All managers, ambassadors and maintenance have been trained for immediate repair of light to medium equipment failures. In the event of long term equipment failure or urgent exit needs, customers are directed to use alternate exits at manager's direction using on-site personnel, on-site signage, barricades and red cones.

In the event of catastrophic automatic exit failure, Exit gates, at manager's direction, will be locked up. CPS personnel will provide customers with direction to use automatic pay machines prior to exit. All managers have additional assistance available as needed. Equipment service will be requested with approval from operation manager. All managers have additional assistance available as needed 7 days a week / 24 hours a day.

#### **Ticket Inventory:**

The Area Manager inventories all new tickets received and checks numerical sequence. The managers record each stack of tickets by beginning and ending ticket numbers on the ticket master inventory log. The tickets, bill of lading and the master ticket log are then stored in a locked storeroom, in sequential order.

- Tickets are secured in a locked area (with limited access) at the N. Market Street location for all revenue equipment.
- A ticket log (with ticket #'s) is maintained for tickets on-hand. For tickets issued, the log indicates the location where the tickets were distributed. A log is maintained at each location to document the spitter # where tickets were filled (and the specific box in each spitter).
- Tickets are removed from the storage room and restocked by either the Area Manager or maintenance personnel. All tickets are ordered by the Area Manager. The Area Manager inventories the supply of unused tickets each 60 days between orders, again verifying numerical sequence.

Tickets are distributed (in sequence order) to each entrance lane by garage location, series number and identifying letter. As tickets are removed from inventory they are logged out on the master ticket inventory log by recording the date, series numbers removed, location and spitter # to be restocked and the signature of the person who removed the tickets.







Once the tickets have been audited, they are bundled, labeled with the date the tickets were processed and placed in a storage box. As a box becomes full it is labeled with the location and dates of the tickets it contains, and is placed in a locked storage room. Used tickets are held in storage according to the agreed upon time.

**Security and Safety Issues:**

Security for the location will not be performed by Central Parking.

**Car Leaking Gas**

The area around the car will be blocked off by CPS personnel, **do not flush with water**, this will spread the gasoline, an oil dry material will be applied to soak up the gas and to prevent any customers from slipping. If possible, a container will be used to attempt to contain the leaking gas. An employee will be stationed near the area around the vehicle and pedestrian traffic will then be prevented from entering the area. The Fire Department will be called and the vehicle's tag number will be researched in an attempt to locate the owner and have the vehicle removed. If the owner is not located within 30 minutes, the vehicle will be towed out of the Facility into a controlled and safe area.

**Robbery**

Attendants of the lots are not to carry cash.

**Theft of a Vehicle**

In the event of a reported vehicle theft, the Facility is to be thoroughly searched to ensure that the car is not lost. If it is determined that a car has been stolen, the Area Manager will notify the Police and building security so the proper course of action can be initiated immediately. The Area Manager will contact the cashiers to obtain any lost ticket vouchers that have been processed that day to determine if the vehicle exited the Facility through this type of transaction. An incident report will be completed following the confirmation of theft. Copies of this report will be sent to the Los Angeles Dept of Transportation, the New South Parking central office in San Jose, and will be kept on file in the Facility office.

**Auto Damage**

No claims are to be accepted for damage to a vehicle unless obviously caused by a parking gate. CPS personnel or Operations Management will handle these claims and complete a damage report form. If possible, rubbing compound will be used to remove any mark left on the vehicle from the gate. If further repair work is deemed necessary the claimant will be asked to provide two (2) estimates, and the lowest estimate of the two will be paid. A disclaimer will be stamped on the back of the check before issuing to assure the claimant understands this will be the final compensation to cover any reimbursement for damage.

**Tornado, Hurricane, Earthquake or Severe Storm**

In the impending threat of a tornado, hurricane, earthquake or other severe storm, the Facility will be closed if warranted. The Area Manager will notify the City Office and Building Management to confirm closing of the Facility. Once a closing has been confirmed all cashiers will be notified of the closing. At this point the cashiers will deposit all tickets, revenue collected, and operating banks into a plastic sealed deposit bag and return to the garage office. Maintenance personnel will check each level of the facility and notify any individuals of the closing of the facility and direct them to areas of safety as determined by City Management. Maintenance personnel will raise all exit gates to allow vehicles to leave the facility if they choose to do so. All maintenance personnel will then report to the main office and await further instructions.

**Fire**

In the event of a fire at the Facility, personnel on duty will immediately notify the Fire Department, then City Management and then the CPS Operation and General Managers. All pedestrians and all personnel will be evacuated from the immediate area to a safety area to be predetermined by New



South Parking and City Management. The cashier will deposit all tickets, collected revenue, and operating bank in a plastic sealed deposit bag and report to a safety area.

The Facility's entrance equipment will be turned off if possible and blocked with cones (fire department vehicles will be allowed to enter). All exit lanes will be opened by whatever means necessary (i.e. breaking gate arms or manually opening gates) to allow uninterrupted flow out of the Facility. The Area Manager will meet the fire truck(s) at the entrance and direct them to the fire. Other employees will be stationed at the Facility's entrance to prevent any customers from entering the Facility. Fire extinguishers will only be used by Facility employee(s) if it is obviously safe to do so.

#### **On The Job Injuries**

In the case of a work-related injury, the Area Manager will first make sure the injured person is provided with immediate medical attention. Photographs will be taken, details pertinent to the injury will be recorded, and if possible elimination of the cause will be undertaken. A written report will be forwarded to the City Office, Corporate Office and the Worker's Compensation Insurance carrier, relating to all details of the injury/accident.

#### **Fall Downs or Personal Liability**

The Area Manager will be notified in order to handle the situation. In the event of the Area Manager's absence, the cashier will page the General Manager and call the City Office; notify City Management immediately and advise them of the situation; ask the injured person if they need medical assistance; call an ambulance if necessary; make the injured person as comfortable as possible; have them explain, in their own words what happened; complete an incident report and obtain the names and addresses of any witnesses; photograph the area where the injury occurred and, if necessary, the injured party. This information will be documented and forwarded to the City Office and Building Management for review.

The staff is instructed not to alter the condition of the accident scene without the General Manager's approval. The area will be blocked off with traffic barriers or cones if conditions warrant. Once the scene is cleared, pictures of the accident scene will be taken by the Central Parking System Area Manager. A first notice of injury will be sent to notify the insurance carrier of the situation. The Port of San Francisco and will be notified immediately of all customer injury situations.

Facility personnel are instructed to never state who owns the property involved, but only to state that we (Central Parking System) are the operators. Our main responsibility is to obtain all information possible. Facility personnel are instructed **NEVER TO ADMIT ANY LIABILITY WHATSOEVER.**

#### **Mugging and/or Rape**

In the event of a reported mugging or rape, Facility personnel will make the victim as comfortable as possible. The Area Manager will then notify the Police Department and request an ambulance if necessary. Facility personnel will block off the area and not allow anything to be touched or moved. The Area Manager will complete an incident report; take photographs of the area where the incident occurred and, if necessary, of the injured party. Central Parking will cooperate fully with any police investigation, and Building security. In the event of such an occurrence, the General Manager will notify the Port of San Francisco of immediately.

The staff will not discuss details of the incident, levels of security, or any other aspects of this situation with anyone except the Police, CPS management, and the Port of San Francisco

#### **Bomb Threats**

It has been clearly proven that the vast majority of these calls are indeed false alarms, meant only to disturb or disrupt the normal work of a person or company. However, at no time should any call be regarded as just another false alarm.





More information on Mugging and Bomb Threat Procedures can be added at the Port of San Francisco's request.

**Liability Insurance**

New South Parking carries the General Liability Insurance, Umbrella Coverage, Worker's Compensation Insurance, and Crime Coverage. The premiums for this coverage are an operating expense of the parking facility. **The Port of San Francisco** is also named as an additional insured with the Certificates of Insurance being forwarded to the additional insured annually. Since the garages are a self-park facility, normally no claims for damage or stolen property are honored.

All coverage's listed below are per the management agreement.

**General Liability Insurance**

This is a \$5,000,000 combined single limit policy which provides coverage for liability claims arising out of bodily injury or property damage claims which occur on premises we operate. Additionally, this policy has an endorsement which covers what is known in the insurance industry as "Personal Injury". The claims covered by this endorsement include false arrest, slander and libel. This policy includes liability coverage for a single occurrence regardless of the type of damage. i.e. bodily injury or property damage, and regardless of the number of persons involved.

**Garagekeepers Legal Liability**

This is a \$1,000,000 combined single limit policy that covers claims for a loss of or damage to property belonging to others that is in our care, custody and control.

**Fidelity Bond/Crime Insurance**

This is a \$500,000 policy that covers Manager and Owner in the case of robbery, theft and mysterious disappearance of any monetary assets in our control. Money and Securities (inside and out) with limits not less than \$25,000.00 any one loss, and Comprehensive Crime insurance that includes depositor's forgery coverage with limits not less than \$25,000.00.

**Workers Compensation and Employers Liability Insurance**

Statutory Worker's compensation insurance. Employers' Liability with \$500,000.00 per accident for bodily injury and \$500,000 per employee/aggregate for disease.

**Umbrella Liability Insurance**

Minimum combined single limit of \$10,000,000.





**EXHIBIT E**

**FISHERMAN'S WHARF PERCENTAGE  
RENT TENANTS AND CRAB STAND TENANTS**



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## **Fishermen's Wharf Percentage Rent Tenants**

<b>10:00 a.m. to 6:00 p.m. 2 hrs; 6:00 p.m. to Midnight 3 hrs</b>	<b>10:00 a.m. to Midnight 1 hr</b>
Alioto Fish Co. "Alioto No. 8" (Upstairs)	Andree Boudin Bakeries "Octagon" Café
Bistro Boudin	Chu, Frances Y. & Hwang, Jyi Jeng aka The Crab Station
Castagnola's Restaurant	Coast Marine & Industrial Supply Retail Store
D & G Co. "Lou's Pier 47"	Frank's Fisherman's Supply
Fishermen's Grotto Restaurant	Fishermen's Grotto Crab Stand
MaMa Franceschi "Capurro's"	Guardino's Souvenir & Gift Shop and Crab Stand
SFS39 Franciscan Crab Restaurant	Arthur Hoppe, The Bay Company
Tarantino's, Inc. Restaurant	Pollack Group, Nick's Lighthouse Crab Stand
Pompei Grotto	Portco, Inc. "Safe Harbor"
Portco aka Cioppino's	San Francisco Maritime National Park Association, "Pampanito"
Scoma's	Tarantino's Inc. Crab Stand/Street level café
Sabella and La Torre's	Golden Gate's Scenic / Red & White
	Guardino's Souvenir & Gift Shop
	Nonna Rose (Alioto)
	Alioto Crab Stand
	Café 8 (Alioto)
	Boudin Café & Bakery (1st Floor)
	Boudin Wine Bar (2nd Floor)
	Jeremiah O'Brien - boat tours
	(Nat'l Liberty Ship Memorial) (Not bay torus tend to last for hours)
	Musee Mechanique aka San Francisco Museum and Historial Society

**Exclusion:** All private and special evetns, non-maritime tours, Pier 39, Pier 41 "Blue & Gold", license holders (airspace, sidewalk)



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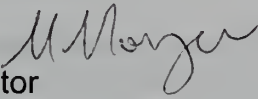




## MEMORANDUM

January 5, 2010

**TO:** MEMBERS, PORT COMMISSION  
Hon. Rodney Fong, President  
Hon. Stephanie Shakofsky, Vice President  
Hon. Kimberly Brandon  
Hon. Michael Hardeman  
Hon. Ann Lazarus

**FROM:** Monique Moyer   
Executive Director

**SUBJECT:** Informational Presentation by the San Francisco Public Utilities Commission (SFPUC) staff regarding its Sewer System Master Plan and Implementation Plan and the Pier 94 Backlands Site Alternative for the new Biosolids Digester Facility

**DIRECTOR'S RECOMMENDATION:** Informational Only – No Action Required

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### SUMMARY

The Sewer System Improvement Program ("SSIP") is a series of capital projects being prepared by the SFPUC to address upgrading, improving and seismically strengthening aging wastewater infrastructure in the city. The construction of a 15 to 20-acre Biosolids Digester Facility that includes a new digester facility, an advanced drying facility, and possibly a new bioenergy facility is the largest single capital project in the SSIP. Working through a Bayview community stakeholder task force called the Digester Task Force, the SFPUC considered seventeen possible sites for the Biosolids Digester Facility. After this review of sites, the Digester Task Force recommended two site alternatives for the Biosolids Digester Facility: 1) the existing Southeast Plant/Central Shops site and 2) 15 to 20 acres of the Port's Pier 94 Backlands site.

This information is currently being presented to the Public Utilities Commission through a series of public workshops. The SFPUC currently plans on completing 10% facility designs for both sites through the initial phase of the environmental review process, in order to better inform the site selection process.. After 10% design is complete, the Public Utilities Commission will select a preferred alternative (either the existing site or the Pier 94 Backlands site) for purposes of further environmental review.

**THIS PRINT COVERS CALENDAR ITEM NO. 9B**





SFPUC staff will consult with the Port Commission prior to making a recommendation to the Public Utilities Commission to select the Pier 94 Backlands site as the preferred site alternative, and will seek explicit authorization from the Port Commission to continue environmental review of the Pier 94 Backlands site as the SFPUC's preferred location.

## **SEWER SYSTEM MASTER PLAN OVERVIEW**

The SFPUC developed a Sewer System Master Plan to analyze the current and future needs of San Francisco's sewer system through 2030 and develop a vision to move forward. The SSMP originated from the proposed bond request for wastewater capital improvements in 2001. Its recommendations reflect the input from SFPUC staff, a broad consultant team, nationally recognized technical experts, and extensive public input through public meetings, a citizens advisory committee, home mailings, a digester task force, and comments made to the SFPUC Web site.

The SSMP will be implemented through the SSIP capital program and changes in both the day-to-day management and recurring activities. Taken together, these changes will allow the collection system and treatment facilities to serve the citizens of San Francisco and to meet all current and future permit compliance regulations.

The major goals of the SSMP and SSIP programs are to: 1) protect public health and the environment by managing San Francisco's wastewater, stormwater, and biosolids safely and cost-effectively, 2) achieve long-term sustainable sewer system operations as evaluated and defined by consideration of engineering, social, environmental, and economic evaluation criteria, and 3) implement a systematic approach to planning and managing the wastewater system as an integrated whole (i.e., integrated urban watershed management approach).

## **NEW BIOSOLIDS DIGESTER FACILITY SITE SELECTION PROCESS**

The construction of a 15 to 20-acre Biosolids Digester Facility is the largest single capital project in the SSIP and includes a new digester facility, an advanced drying facility, and possibly a new bioenergy facility. The existing digester facility at the Southeast Plant was built in the 1950s and there is the possibility of significant failure due to aging infrastructure which could inhibit the SFPUC's ability to meet the current regulatory requirements. In addition, greater reuse requirements for the final biosolids product are occurring in the marketplace.

The SFPUC formed a Bayview community stakeholder task force called the Digester Task Force in 2008 to review issues with SFPUC staff pertaining to the new Biosolids Digester Facility. The Digester Task Force reviewed seventeen San Francisco sites (see Exhibit A) for a new Biosolids Digester Facility in locations around the city, utilizing a number of defined criteria, including but not limited to parcel size, surrounding land use, and ownership.



The Digester Task Force recommended two site alternatives (see Exhibit B): 1) the existing Southeast Plant/Central Shops site and 2) 15 to 20 acres of the Pier 94 Backlands site. The 10% facility designs will provide the information for the Public Utilities Commission, in consultation with the Port Commission, to make decisions regarding a preferred alternative site for the Biosolids Digester Facility.

### **SFPUC WORKSHOP SERIES**

The Public Utilities Commission is conducting a series of public workshops regarding the SSMP and SSIP. The last three Public Utilities Commission workshops topics and dates are:

- Determine Sewer System Improvement Program Focus – January 12, 2010
- SFPUC Endorsement of Levels of Service – February 9, 2010
- SFPUC Provides Direction on Implementation Issues – March 9, 2010

### **PORT ISSUES PERTAINING TO THE PIER 94 BACKLANDS**

The Public Utilities Commission and SFPUC staff recognize the significance of this land use decision, and the extent to which it could impact surrounding land uses on Port property and the Port staff work program. As it deliberates on this matter, the Port Commission may wish to consider the following issues:

- Is a new Biosolids Digester Facility an appropriate land use of Port property? How would the facility impact the surrounding uses on Port property and/or improve surrounding Port property?
- Is the proposed Biosolids Digester Facility use consistent with the public trust and the Burton Act? If not, is there a feasible trust exchange that is likely to be approved by the California State Lands Commission and/or the California Legislature?
- What are the implications of including the Pier 94 Backlands site in the SFPUC's application for environmental review pursuant to CEQA?

### **NEXT STEPS**

The SSIP is expected to be finalized in the summer of 2010; at that time, the SFPUC will initiate an application for project review under CEQA. A project-specific Environmental Impact Report (EIR) will be needed for the Biosolids Digester Facility project.

The Biosolids Digester Facility EIR is expected to take approximately 3½ years. If the Public Utilities Commission selects the Pier 94 Backlands as its preferred site alternative, and the Port Commission concurs in that determination, the SFPUC and the Port would commence research on options for removing the Pier 94 Backlands from the





public trust through a public trust exchange that would impose public trust use protections on another property of equal or greater value to the trust.

Prepared by: Karen Kubick, Capital Program Director, and Melissa Moehle, Associate Engineer, of the SFPUC Wastewater Enterprise

For: Brad Benson, Port Special Projects Manager

Exhibit A: Site Alternatives Analyzed by SFPUC Staff and Digester Task Force

Exhibit B: Two SFPUC Biosolids Digester Facility Site Alternatives – Current Location of Southeast Treatment Facility (w/Central Shops) & Pier 94 Backlands

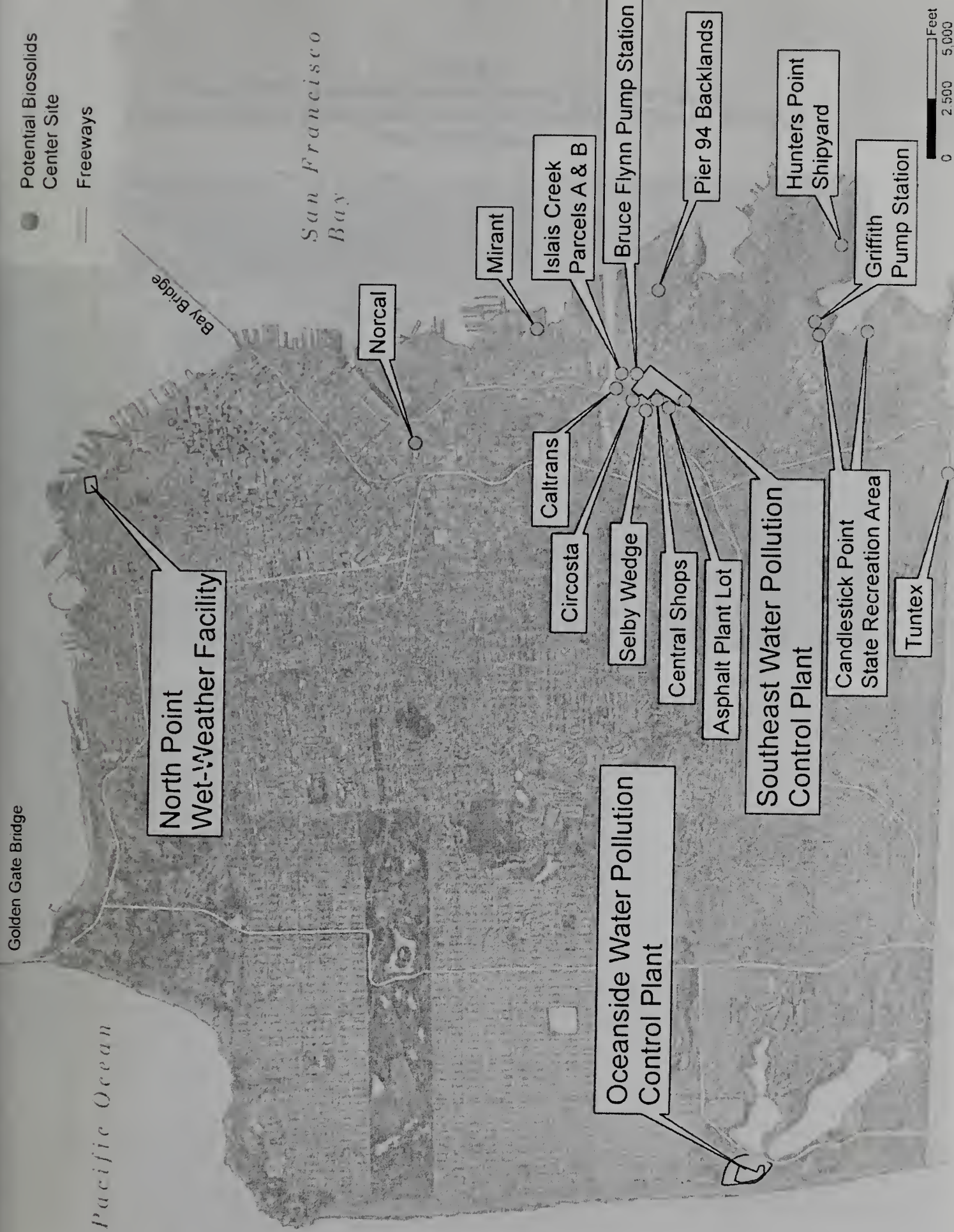


**Exhibit A: Biosolids Digester Facility  
Site Alternatives Analyzed by SFPUC Staff and Digester Task Force**



Legend

- Potential Biosolids
- Center Site
- Freeways

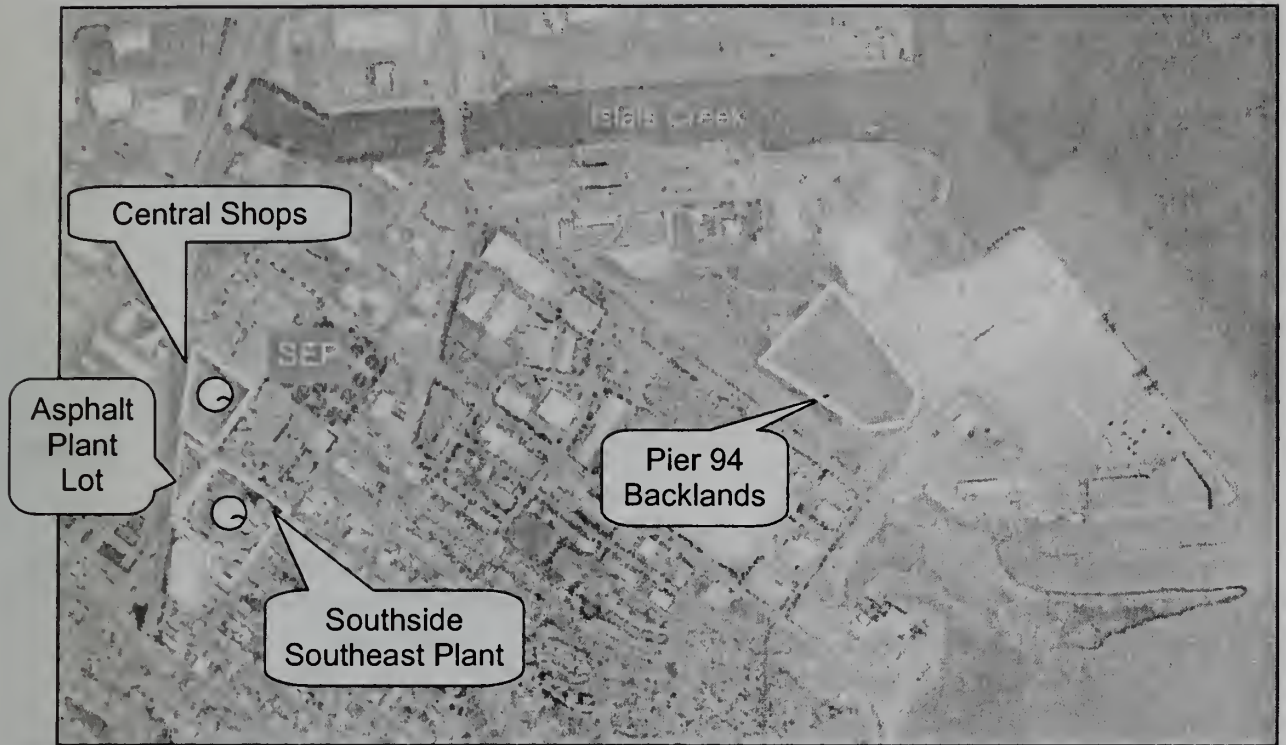


Feet  
0 2,500 5,000





**Exhibit B:**  
**Two SFPUC Biosolids Digester Facility Site Alternatives –**  
**Current Location of Southeast Treatment Facility (w/Central Shops) &**  
**Pier 94 Backlands**



*January 4, 2010*





## MEMORANDUM

January 4, 2010

**TO:** MEMBERS, PORT COMMISSION  
Hon. Rodney Fong, President  
Hon. Stephanie Shakofsky, Vice President  
Hon. Kimberly Brandon  
Hon. Michael Hardeman  
Hon. Ann Lazarus

**FROM:** Monique Moyer *M Moyer*  
Executive Director

**SUBJECT:** Request Approval of Second Amendment and Mutual Termination Agreement for Lease No. L-12782, between the Port, as landlord, and Blue & Gold Fleet, L.P., as tenant, for lease premises located at Pier 9 on the Embarcadero at the foot of Broadway Street

### **DIRECTOR'S RECOMMENDATION: Approve Attached Resolution**

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#### **I. BACKGROUND**

In August 1999, the Port entered into a five (5) year lease with Blue & Gold Fleet, L.P., a Delaware limited partnership, for operation of a vessel maintenance shop, berthing area, storage, support offices and support parking at Pier 9.

In January 2005, a first amendment to lease was entered into to address repair of the Pier 9 apron area within the lease premises. The need for repair work was first identified by Port Engineering staff in 2001 during a Rapid Assessment Team survey of the Pier 9 apron substructure. The first amendment to lease addressed responsibility of the apron repair work by Blue & Gold, at its sole cost and expense, as well as extending the lease termination date to January 15, 2006. Tenant completed the repairs to the apron substructure; however, in early 2009 Port Engineering, observed during a substructure rapid evaluation safety assessment that the substructure had deteriorated to such an extent that the apron was no longer safe for occupancy and gave a red tag rating to a portion of the apron area and shortly thereafter gave a red tag rating to the entire apron area.

The lease terminated on January 15, 2006 and thereafter has continued on a month-to-month holdover tenancy. As part of the Port's ongoing Holdover Lease Project, Blue &

**This Print Covers Calendar Item No. 9C**





Gold was contacted about renewing this lease. On March 9, 2009, Port Engineering advised Port Real Estate that the westerly ninety-three feet of the apron within Blue & Gold's current lease premises was unsafe to occupy and that such area was red tagged. In turn, Port Real Estate met on site with the tenant and advised it that it can no longer use the red tagged portion of the apron. Port maintenance placed barricades on the red tagged area.

On March 25, 2009, Port Real Estate mailed and hand delivered a letter to the tenant confirming that the entire apron area had been red tagged and that it cannot occupy any portion of the apron. Tenant was instructed to prepare a plan for removal of all its personal property from the apron area and submit it to the Port for review and approval. Tenant subsequently removed all of its personal property from the apron area.

Due to the extensive deterioration of the substructure within Blue & Gold's apron area, Port staff believe that a partial repair of the apron area is not cost effective and that the entire apron must be demolished and rebuilt to Port specifications. With the cost of replacement estimated at \$1,000,000, tenant is not in a financial position to rebuild the apron and receive rent credits that could be contained within a new lease. Port staff believe that the rebuilding of the subject apron and substructure could be completed as a Port capital project within a thirty-six month window. Both Port and tenant agree to negotiate in good faith to reach an agreement on allocating the cost to rebuild the red-tagged apron and substructure to effectuate a new lease.

To provide Blue & Gold, who is a tenant in good standing, with an interim solution for its vessel maintenance operation at Pier 9, Port and tenant entered into a license for a portion of the apron area on the south side of Pier 9 on September 27, 2009, directly across from its maintenance shed space on the north side of Pier 9, to berth its vessels.

## **II. PROPOSED SECOND AMENDMENT AND MUTUAL PARTIAL TERMINATION AGREEMENT TO ADDRESS TERMINATION OF THE USE OF THE APRON AREA AND AMENDED RENT SCHEDULE**

The current lease (L-12782) contains four parcels as follows:

- Parcel A: shed space (11,860 square feet)
- Parcel B: fenced shed space (224 square feet)
- Parcel C: stringer or apron space (4,990 square feet)
- Parcel D: submerged land (16,450 square feet)

The proposed second amendment to lease reduces the lease premises by terminating the use of Parcels C and D and subsequently reduces the current base rent of \$10,072.81 retroactively to rents and time periods contained in the table below. The rent increase effective 9/1/09 represents an annual CPI adjustment and the increase effective 2/1/10 represents an adjustment to market thereby equalizing the rental rate with other shed space within Pier 9.



### Amended Rent Schedule

Period	Premises	Monthly Rent
3/9/09-3/24/09	Parcels A, B, portion of C & D	\$ 9,343.62
3/25/09-8/31/09	Parcels A & B	\$ 8,817.32
9/1/09-1/31/10	Parcels A & B	\$ 9,211.92
2/1/10-8/31/10	Parcels A & B	\$11,358.96

Other than the terms outlined above, the proposed amendment also includes provisions addressing tenant's waiver and general release with respect to claims against Port and includes all the new City Requirements. All other terms and conditions of the lease will remain in full force and effect.

### III. RECOMMENDATION

Staff recommend that the San Francisco Port Commission approve the Second Amendment and Partial Termination Agreement for Lease No. L-12782.

Prepared by: Jerry Romani, Commercial Property Manager  
For: Susan Reynolds, Deputy Director, Real Estate



**PORT COMMISSION  
CITY AND COUNTY OF SAN FRANCISCO**

**RESOLUTION NO. 10-03**

- WHEREAS, Charter Section 3.581 of the Charter of the City and County of San Francisco empowers the Port Commission with the power and duty to use, conduct, operate, maintain, manage, regulate and control Port area of the City and County of San Francisco; and
- WHEREAS, Blue & Gold Fleet, L.P., a Delaware limited partnership, entered into that certain lease, dated August 15, 1999, for certain real property located at Pier 9 in the City and County of San Francisco (the "Original Lease"); and
- WHEREAS, Blue & Gold Fleet, L.P., a Delaware limited partnership, entered into that certain First Amendment to Lease, dated January 25, 2005, which obligated Blue and Gold Fleet, L.P., at its sole cost and expense, to make specific repairs to the apron substructure within its lease premises and extended the termination date to January 15, 2006; and
- WHEREAS, Tenant completed the repairs to the apron substructure; however, in early 2009 during a substructure rapid evaluation safety assessment, Port Engineering observed that the substructure had deteriorated to such an extent that the apron was no longer safe for occupancy and gave a red tag rating to a portion of the apron area and shortly thereafter gave a red tag rating to the entire apron area; and
- WHEREAS, Due to the extensive deterioration of the apron substructure, Port staff believe that a partial repair is not cost effective and that the entire apron must be demolished and rebuilt to Port specifications; and
- WHEREAS, Port staff and Blue & Gold Fleet, L.P., a Delaware limited partnership, agree to negotiate in good faith to reach an agreement on allocating the cost to rebuild the red-tagged apron and substructure to effectuate a new lease; and
- WHEREAS, Blue & Gold Fleet, L.P., a Delaware limited partnership, is a tenant in good standing and will continue to lease shed space at Pier 9 without access to the adjacent apron and berthing areas; now, therefore, be it





RESOLVED, That the Port Commission approves the terms and conditions of the proposed Second Amendment and Partial Termination Agreement for Lease No. L-12782 as set forth in the Staff Memorandum; and, be it further

RESOLVED, That the Port Commission authorizes the Executive Director or her designee to execute the Second Amendment and Partial Termination Agreement for Lease No. L-12782; including all exhibits thereto consistent with the terms and conditions set forth in the Staff Memorandum and a form approved by the City Attorney.

***I hereby certify that the foregoing resolution was adopted by the Port Commission at its meeting of January 12, 2010.***

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Secretary



**SECOND AMENDMENT AND MUTUAL PARTIAL TERMINATION AGREEMENT  
FOR LEASE NO. L-12782**

This Second Amendment and Mutual Partial Termination Agreement for Lease No. L-12782 (the "**Second Amendment**"), dated for reference purposes only as of September 18, 2009, is by and between the CITY AND COUNTY OF SAN FRANCISCO, a municipal corporation ("City"), operating through the SAN FRANCISCO PORT COMMISSION (the "**Port**"), as landlord, and Blue & Gold Fleet, L.P., a Delaware limited partnership, as tenant ("**Tenant**").

**RECITALS**

**A.** Port and Tenant entered into that certain five-year Lease No. L-12782, dated as of August 15, 1999 for reference purposes only (the "**Original Lease**"), for certain real property located at Pier 9 in the City and County of San Francisco, including approximately 4,990 square feet of apron space (Parcel C) on the north side of Pier 9, also known as stringer, and approximately 16,450 square feet of submerged land (Parcel D) (the "**Original Premises**") as more particularly described in the Original Lease. The parties entered into a First Amendment to Lease on January 25, 2005 (for reference purposes), pursuant to Port Commission Resolution No. 05-09 to resolve a dispute without litigation about responsibilities for apron substructure repairs (the "**First Amendment**"). The First Amendment documented Tenant's agreement to undertake certain repair work to the apron, added newly-enacted City provisions and extended the expiration date of the Original Lease until January 15, 2006.

**B.** Tenant completed the repairs as agreed in the First Amendment. The Original Lease expired pursuant to its terms on January 15, 2006 and Tenant has been a holdover tenant since that date.

**C.** On March 9, 2009, Port notified Tenant that a portion of the apron area had been determined to be unsafe and had been red-tagged thereby making the area inaccessible by Tenant. On March 25, 2009, Port notified Tenant that Port had determined that the remainder of the apron area was unsafe and had been red-tagged and could not be accessed by Tenant. Port subsequently determined that the red-tagged apron should be demolished and rebuilt, rather than repaired, due to the extensive deterioration of the substructure.

**D.** Port and Tenant acknowledge that it is in both parties' interest to rebuild the red-tagged apron and substructure, as Tenant wishes to enter into a new lease for the Original Premises after the north apron and substructure are repaired. The parties agree to negotiate in good faith to reach an agreement on allocating the cost to rebuild the red-tagged apron and substructure. The parties anticipate that negotiations might lead to a new term lease for the Original Premises with Tenant.

**E.** In late September 2009, Port and Tenant entered into License No. 14741 to allow Tenant to use a designated portion of the apron and water space on the south side of Pier 9 to accommodate its operations until the rebuild of the red-tagged apron and substructure is complete.

**F.** Port and Tenant desire to enter into this Second Amendment to: remove Parcels C and D from the Original Premises and adjust the Base Rent due under the Original Lease retroactively





to the date Parcel C was red-tagged, and add City-required provisions enacted since the First Amendment. All other terms and conditions of the Original Lease shall remain in effect.

G. The Original Lease, the First Amendment and this Second Amendment shall collectively be referred to as the "**Lease**", and the "**Premises**" shall mean the premises as revised by this Second Amendment. All capitalized terms used herein but not otherwise defined shall have the meaning given to them in the Original Lease, the First Amendment, or this Second Amendment as the case may be.

NOW THEREFORE, in consideration of the mutual covenants herein contained and for other good and valuable consideration, the Port and Tenant hereby amend the Lease as follows:

### **AGREEMENT**

1. Recitals. The foregoing recitals are true and correct and are incorporated herein by this reference as if fully set forth herein.

2. Reduced Premises. As of the Effective Date, Parcels C and D shall no longer be part of the Premises, and Exhibit A of the Original Lease is replaced by Exhibit A-1. Prior to the Effective Date, Tenant shall remove all of its personal property from Parcels C and D. Except as provided herein, until the Effective Date, all of the Lease provisions will continue to apply to Parcels C and D, including, without limitation, the obligation to maintain insurance coverage in accordance with Section 17 of the Lease.

3. Base Rent Reduction for Decreased Premises. To account for the decrease of the premises resulting from the red-tagged status of a portion of the apron area initially and eventually the entire apron area, the first two time periods in the amended rent schedule are retroactive to the dates that respective portions of the apron area became inaccessible to Tenant. The amended rent for the five month period beginning September 1, 2009 represents a rent adjustment in accordance with the terms and conditions of the Lease. The amended rent for the seven month period beginning February 1, 2010 represents an increase to make the rent comparable with other maritime shed space at Pier 9.

Amended Rent Schedule

Period	Premises	Monthly Rent
3/9/09-3/24/09	Parcels A, B, portion of C & D	\$9,343.62
3/25/09-8/31/09	Parcels A & B	\$8,817.32
9/1/09-1/31/10	Parcels A & B	\$9,211.92
2/1/10-8/31/10	Parcels A & B	\$11,358.96

4. Tenant's Waiver. As a material part of the consideration for this Second Amendment, Tenant, on behalf of itself and its Agents, hereby fully and irrevocably releases, discharges, and covenants not to sue or to pay the attorneys' fees and other litigation costs of any party to sue, Port, or any and all of Port's Agents with respect to any and all liabilities, injuries, losses, costs, claims, demands, rights, causes of action, judgments, settlements, damages, liens, fines, penalties



and expenses, including without limitation, direct and vicarious liability of any kind for money damages, compensation, penalties, liens, fines, interest, attorneys' fees, costs, equitable relief, mandamus relief, specific performance, or any other relief ("**Claims**") arising directly or indirectly from the actual or alleged facts or circumstances of the process leading to this Second Amendment prior to the Effective Date.

Tenant understands and expressly accepts and assumes the risk that any facts concerning the Claims released in this Second Amendment might be found later to be other than or different from the facts now believed to be true, and agrees that the releases in this Second Amendment shall remain effective. Therefore, with respect to the Claims released in this Second Amendment, Tenant waives any rights or benefits provided by Section 1542 of the Civil Code, which reads as follows:

A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM OR HER MUST HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR.

BY PLACING ITS INITIALS BELOW, TENANT SPECIFICALLY ACKNOWLEDGES AND CONFIRMS THE VALIDITY OF THE RELEASE MADE ABOVE AND THE FACT THAT TENANT WAS REPRESENTED BY COUNSEL WHO EXPLAINED THE CONSEQUENCES OF THE RELEASE AT THE TIME THIS LEASE WAS MADE, OR THAT TENANT HAD THE OPPORTUNITY TO CONSULT WITH COUNSEL, BUT DECLINED TO DO SO.

Initials:

  
Tenant

**5. No Release or Waiver of Tenant.**

This Second Amendment shall not (a) release or discharge the Tenant from any liability, whether past, present or future, under the Lease (including but not limited to the provisions regarding surrender as set forth in Section 26 of the Lease and any obligations that survive lease termination), or (b) be construed to waive any breach by Tenant, or any of Port's rights thereunder, or to enlarge or increase Port's obligations thereunder.

**6. No Representation or Warranty by Port.**

Nothing contained herein shall operate as a representation or warranty by Port of any nature whatsoever.

**7. Rights Are Cumulative.** The liability of Tenant and all rights, powers, and remedies of Port under this Lease shall be cumulative and not alternative, and such rights, powers, and remedies given to Port by law or in equity.

**8.** Section 29, City Requirements, of the Lease is hereby deleted in its entirety and replaced with the following:

**"29. City Requirements.**

The San Francisco Municipal Codes (available at [www.sfgov.org](http://www.sfgov.org)) and City policies described or referenced in this Lease are incorporated by reference as though fully set forth in this Lease. The descriptions below are not comprehensive but are provided for notice purposes only; Tenant is charged with full knowledge of each such ordinance and policy and any related implementing regulations as they may be amended from time to time. Tenant understands and agrees that its failure to comply with any provision of this Lease relating to any such code provision shall be deemed a material breach of this Lease and may give rise to penalties under





the applicable ordinance. Capitalized or highlighted terms used in this Section and not defined in this Lease shall have the meanings ascribed to them in the cited ordinance.

**29.1. Nondiscrimination.**

(a) **Covenant Not to Discriminate.** In the performance of this Lease, Tenant covenants and agrees not to discriminate on the basis of the fact or perception of a person's race, color, creed, religion, national origin, ancestry, age, sex, sexual orientation, gender identity, domestic partner status, marital status, disability or Acquired Immune Deficiency Syndrome or HIV status (AIDS/HIV status), weight, height, association with members of classes protected under this chapter or in retaliation for opposition to any practices forbidden under Chapter 12 of the Administrative Code against any employee of Tenant, any City and County employee working with Tenant, any applicant for employment with Tenant, or any person seeking accommodations, advantages, facilities, privileges, services, or membership in all business, social, or other establishments or organizations operated by Tenant in the City and County of San Francisco.

(b) **Subleases and Other Contracts.** Tenant shall include in all subleases and other contracts relating to the Premises a non-discrimination clause applicable to such subtenant or other contractor in substantially the form of Section 29.1(a) above. In addition, Tenant shall incorporate by reference in all subleases and other contracts the provisions of Sections 12B.2 (a), 12B.2 (c)-(k) and 12C.3 of the Administrative Code and shall require all subtenants and other contractors to comply such provisions.

(c) **Nondiscrimination in Benefits.** Tenant does not as of the date of this Lease and will not during the Term, in any of its operations in San Francisco or where the work is being performed for the City, discriminate in the provision of bereavement leave, family medical leave, health benefits, membership or membership discounts, moving expenses, pension and retirement benefits or travel benefits (collectively "Core Benefits") as well as any benefits other than the Core Benefits between employees with domestic partners and employees with spouses, and/or between the domestic partners and spouses of such employees, where the domestic partnership has been registered with a governmental entity pursuant to state or local Law authorizing such registration, subject to the conditions set forth in Section 12B.2 of the Administrative Code.

(d) **HRC Form.** On or prior to the Lease Commencement Date, Tenant shall execute and deliver to Port the "Nondiscrimination in Contracts and Benefits" form approved by the San Francisco Human Rights Commission.

(e) **Penalties.** Tenant understands that pursuant to Section 12B.2(h) of the Administrative Code, a penalty of \$50.00 for each person for each calendar day during which such person was discriminated against in violation of the provisions of this Lease may be assessed against Tenant and/or deducted from any payments due Tenant.

**29.2. Requiring Health Benefits for Covered Employees.** Unless exempt, Tenant agrees to comply fully with and be bound by all of the provisions of the Health Care Accountability Ordinance (HCAO), as set forth in Administrative Code Chapter 12Q (Chapter 12Q).

(a) For each Covered Employee Tenant shall provide the appropriate health benefit set forth in Section 12Q.3 of the HCAO.

(b) Notwithstanding the above, if Tenant meets the requirements of a "small business" by the City pursuant to Section 12Q.3 of the HCAO, it shall have no obligation to comply with Section 29.2(a) above.

(c) If, within thirty (30) days after receiving written notice of a breach of this Lease for violating the HCAO, Tenant fails to cure such breach or, if such breach cannot reasonably be cured within such 30-day period, Tenant fails to commence efforts to cure within such period, or thereafter fails to diligently pursue such cure to completion, the City shall have the remedies set





forth in Section 12Q.5(f). Each of these remedies shall be exercisable individually or in combination with any other rights or remedies available to the City.

(d) Any Sublease or Contract regarding services to be performed on the Premises entered into by Tenant shall require the Subtenant or Contractor and Subcontractors, as applicable, to comply with the requirements of the HCAO and shall contain contractual obligations substantially the same as those set forth in Chapter 12Q of the Administrative Code. Tenant shall notify the Purchasing Department when it enters into such a Sublease or Contract and shall certify to the Purchasing Department that it has notified the Subtenant or Contractor of the obligations under the HCAO and has imposed the requirements of the HCAO on the Subtenant or Contractor through written agreement with such Subtenant or Contractor. Tenant shall be responsible for ensuring compliance with the HCAO for each Subtenant, Contractor and Subcontractor performing services on the Premises. If any Subtenant, Contractor or Subcontractor fails to comply, the City may pursue the remedies set forth in Section 12Q.5 of the Administrative Code against Tenant based on the Subtenant's, Contractor's, or Subcontractor's failure to comply, provided that the Contracting Department has first provided Tenant with notice and an opportunity to cure the violation.

(e) Tenant shall not discharge, reprimand, penalize, reduce the compensation of, or otherwise discriminate against, any employee for notifying the City of any issue relating to the HCAO, for opposing any practice proscribed by the HCAO, for participating in any proceedings related to the HCAO, or for seeking to assert or enforce any rights under the HCAO by any lawful means.

(f) Tenant represents and warrants that it is not an entity that was set up, or is being used, for the purpose of evading the requirements of the HCAO.

(g) Tenant shall keep itself informed of the requirements of the HCAO, as they may change from time to time.

(h) Upon request, Tenant shall provide reports to the City in accordance with any reporting standards promulgated by the City under the HCAO, including reports on Subtenants, Contractors, and Subcontractors.

(i) Within ten (10) business days of any request, Tenant shall provide the City with access to pertinent records relating to any Tenant's compliance with the HCAO. In addition, the City and its agents may conduct random audits of Tenant at any time during the Term. Tenant agrees to cooperate with City in connection with any such audit.

(j) If a Contractor or Subcontractor is exempt from the HCAO because the amount payable to such Contractor or Subcontractor under all of its contracts with the City or relating to City-owned property is less than \$25,000.00 (or \$50,000.00 for nonprofits) in that fiscal year, but such Contractor or Subcontractor later enters into one or more agreements with the City or relating to City-owned property that cause the payments to such Contractor or Subcontractor to equal or exceed \$75,000.00 in that fiscal year, then all of the Contractor's or Subcontractor's contracts with the City and relating to City-owned property shall be thereafter subject to the HCAO. This obligation arises on the effective date of the agreement that causes the cumulative amount of agreements to equal or exceed \$75,000.00 in the fiscal year.

**29.3. First Source Hiring.** The City has adopted a First Source Hiring Program (San Francisco Administrative Code Sections 83.1 et seq.) which establishes specific requirements, procedures and monitoring for first source hiring of qualified economically disadvantaged individuals for entry-level positions as those terms are defined by the ordinance. Tenant acknowledges receiving and reviewing the First Source Hiring Program materials and requirements.

Tenant agrees to comply with the ordinance through compliance with the following:



(a) No later than thirty (30) days after full execution of this Lease, Tenant shall notify the City and County of San Francisco's Workforce Development System, Department of Human Services of all projected Entry Level Positions and the approximate date such positions will be available, by using the Job Survey Form provided by the Port of San Francisco.

(b) Tenant shall follow all requirements of the San Francisco Workforce Development System, including without limitation, notification of vacancies throughout the Term and entering into a First Source Hiring Agreement, if applicable.

(c) Tenant shall interview qualified applicants and use good faith in hiring applicants. Tenant shall maintain good records of recruitment and hiring process, and shall permit Port or City to audit such records upon request.

Pursuant to the ordinance, Tenant may be subject to monetary penalties for failure to comply with the ordinance.

29.4. **Local Business Enterprises.** The Port Commission encourages the participation of local business enterprises ("LBEs") in Tenant's operations. Tenant agrees to consult with HRC to determine appropriate methods for promoting participation by LBEs in the Scope of Work. Architecture, Engineering, Laboratory Services (Materials Testing), Trucking and Hauling, and Security Guard Services are categories of services that may provide opportunities for certified LBE participation. City maintains a list of certified LBEs at: [http://sfgov.org/site/uploadedfiles/sfhumanrights/directory/vlist\\_1.htm](http://sfgov.org/site/uploadedfiles/sfhumanrights/directory/vlist_1.htm).

29.5. **Resource-Efficient Facilities and Green Building Requirements.** Tenant agrees to comply with all applicable provisions of Environment Code Chapters 7 and 13C relating to resource-efficiency and green building design requirements.

29.6. **Prohibition of Tobacco Sales and Advertising.** Tenant acknowledges and agrees that no sales or advertising of cigarettes or tobacco products is allowed on the Premises. This advertising prohibition includes the placement of the name of a company producing, selling or distributing cigarettes or tobacco products or the name of any cigarette or tobacco product in any promotion of any event or product. This advertising prohibition does not apply to any advertisement sponsored by a state, local, nonprofit or other entity designed to (i) communicate the health hazards of cigarettes and tobacco products, or (ii) encourage people not to smoke or to stop smoking.

29.7. **Prohibition of Alcoholic Beverages Advertising.** Tenant acknowledges and agrees that no advertising of alcoholic beverages is allowed on the Premises. For purposes of this section, "alcoholic beverage" shall be defined as set forth in California Business and Professions Code Section 23004, and shall not include cleaning solutions, medical supplies and other products and substances not intended for drinking. This advertising prohibition includes the placement of the name of a company producing, selling or distributing alcoholic beverages or the name of any alcoholic beverage in any promotion of any event or product. This advertising prohibition does not apply to any advertisement sponsored by a state, local, nonprofit or other entity designed to (i) communicate the health hazards of alcoholic beverages, (ii) encourage people not to drink alcohol or to stop drinking alcohol, or (iii) provide or publicize drug or alcohol treatment or rehabilitation services.

29.9. **Pesticide Prohibition.** Tenant shall comply with the provisions of Section 308 of Chapter 3 of the Environment Code (the "Pesticide Ordinance") which (a) prohibit the use of certain pesticides on City property, (b) require the posting of certain notices and the maintenance of certain records regarding pesticide usage and (c) require Tenant to submit to Port an integrated pest management (IPM) plan that (i) lists, to the extent reasonably possible, the types and estimated quantities of pesticides that Tenant may need to apply to the Premises during the Term, (ii) describes the steps Tenant will take to meet the City's IPM Policy described in Section 300 of the Pesticide Ordinance and (iii) identifies, by name, title, address and telephone number, an







individual to act as the Tenant's primary IPM contact person with the City. In addition, Tenant shall comply with the requirements of Sections 303(a) and 303(b) of the Pesticide Ordinance.

Through Port, Tenant may seek a determination from the City's Commission on the Environment that Tenant is exempt from complying with certain portions of the Pesticide Ordinance with respect to this Lease, as provided in Section 307 of the Pesticide Ordinance. Port shall reasonably cooperate with Tenant, at Tenant's sole cost and expense, if Tenant seeks in good faith an exemption under the Pesticide Ordinance.

29.10. **MacBride Principles Northern Ireland.** Port and the City urge companies doing business in Northern Ireland to move towards resolving employment inequities, and encourages such companies to abide by the MacBride Principles. Port and the City urge San Francisco companies to do business with corporations that abide by the MacBride Principles.

29.11. **Tropical Hardwood and Virgin Redwood Ban.** Port and the City urge Tenant not to import, purchase, obtain or use for any purpose, any tropical hardwood, tropical hardwood wood product, virgin redwood or virgin redwood product. Except as expressly permitted by the application of Sections 802(b) and 803(b) of the Environment Code, Tenant shall not provide any items to the construction of Alterations, or otherwise in the performance of this Lease which are tropical hardwoods, tropical hardwood wood products, virgin redwood, or virgin redwood wood products. In the event Tenant fails to comply in good faith with any of the provisions of Chapter 8 of the Environment Code, Tenant shall be liable for liquidated damages for each violation in any amount equal to the contractor's net profit on the contract, or five percent (5%) of the total amount of the contract dollars, whichever is greater.

29.12. **Preservative-Treated Wood Containing Arsenic.** Tenant may not purchase preservative-treated wood products containing arsenic in the performance of this Lease unless an exemption from the requirements of Environment Code Chapter 13 is obtained from the Department of Environment under Section 1304 of the Environment Code. The term "preservative-treated wood containing arsenic" shall mean wood treated with a preservative that contains arsenic, elemental arsenic, or an arsenic copper combination, including, but not limited to, chromated copper arsenate preservative, ammoniac copper zinc arsenate preservative, or ammoniacal copper arsenate preservative. Tenant may purchase preservative-treated wood products on the list of environmentally preferable alternatives prepared and adopted by the Department of Environment. This provision does not preclude Tenant from purchasing preservative-treated wood containing arsenic for saltwater immersion. The term "saltwater immersion" shall mean a pressure-treated wood that is used for construction purposes or facilities that are partially or totally immersed in saltwater.

29.13. **Notification of Limitations on Contributions.** Through its execution of this Lease, Tenant acknowledges that it is familiar with Section 1.126 of the Campaign and Governmental Conduct Code (the "Conduct Code") which prohibits any person who contracts with the City for the selling or leasing any land or building to or from the City whenever such transaction would require the approval by a City elective officer or the board on which that City elective officer serves, from making a contribution to such an officer, or candidate for such an office, or committee controlled by such officer or candidate at any time from the commencement of negotiations for such contract until the termination of negotiations for such contract or six (6) months has elapsed from the date the contract is approved by the City elective officer, or the board on which that City elective officer serves.

San Francisco Ethics Commission Regulation 1.126-1 provides that negotiations are commenced when a prospective contractor first communicates with a City officer or employee about the possibility of obtaining a specific contract. This communication may occur in person, by telephone or in writing, and may be initiated by the prospective contractor or a City officer or employee. Negotiations are completed when a contract is finalized and signed by the City and the contractor. Negotiations are terminated when the City and/or the prospective contractor end the negotiation process before a final decision is made to award the contract.



29.14. **Sunshine Ordinance.** In accordance with Section 67.24(e) of the Administrative Code, contracts, contractors' bids, leases, agreements, responses to Requests for Proposals, and all other records of communications between Port and persons or firms seeking contracts will be open to inspection immediately after a contract has been awarded. Nothing in this provision requires the disclosure of a private person's or organization's net worth or other proprietary financial data submitted for qualification for a contract, lease, agreement or other benefit until and unless that person or organization is awarded the contract, lease, agreement or benefit. Information provided which is covered by this Section will be made available to the public upon request.

29.15. **Conflicts of Interest.** Through its execution of this Lease, Tenant acknowledges that it is familiar with the provisions of Section 15.103 of the San Francisco Charter, Article III, Chapter 2 of Campaign and Governmental Conduct Code, and Sections 87100 et seq. and Sections 1090 et seq. of the California Government Code, and certifies that it does not know of any facts which would constitute a violation of these provisions, and agrees that if Tenant becomes aware of any such fact during the Term, Tenant shall immediately notify the Port.

29.16. **Drug-Free Workplace.** Tenant acknowledges that pursuant to the Federal Drug-Free Workplace Act of 1988 (41 U.S.C §§ 701 et seq.), the unlawful manufacture, distribution, possession or use of a controlled substance is prohibited on City or Port premises.

29.17. **Wages and Working Conditions.** Tenant agrees that any person performing labor in the construction of any Alterations or Improvements to the Premises, which Tenant provides under this Lease, shall be paid not less than the highest prevailing rate of wages as required by Section 6.22(E) of the Administrative Code, shall be subject to the same hours and working conditions, and shall receive the same benefits as in each case are provided for similar work performed in San Francisco, California. Tenant shall include in any contract for construction of such Alterations or Improvements a requirement that all persons performing labor under such contract shall be paid not less than the highest prevailing rate of wages for the labor so performed. Tenant shall require any contractor to provide, and shall deliver to City upon request, certified payroll reports with respect to all persons performing labor in the construction of such Alterations or Improvements to the Premises.

29.18. **Public Transit Information.** Tenant shall establish and carry on during the Term a program to encourage maximum use of public transportation by personnel of Tenant employed on the Premises, including, without limitation, the distribution to such employees of written materials explaining the convenience and availability of public transportation facilities adjacent or proximate to the Facility and encouraging use of such facilities, all at Tenant's sole expense.

29.19. **Food Service Waste Reduction Ordinance.** Tenant agrees to comply fully with and be bound by all of the provisions of the Food Service Waste Reduction Ordinance, as set forth in Environment Code Chapter 16, including the remedies provided, and implementing guidelines and rules. By entering into this Lease, Tenant agrees that if it breaches this provision, City will suffer actual damages that will be impractical or extremely difficult to determine; further, Tenant agrees that the sum of one hundred dollars (\$100.00) liquidated damages for the first breach, two hundred dollars (\$200.00) liquidated damages for the second breach in the same year, and five hundred dollars (\$500.00) liquidated damages for subsequent breaches in the same year is a reasonable estimate of the damage that City will incur based on the violation, established in light of the circumstances existing at the time this Lease was made. Such amounts shall not be considered a penalty, but rather agree monetary damages sustained by City because of Tenant's failure to comply with this provision.

9. **Full Force and Effect.** Except as specifically amended herein, the Lease is hereby ratified and confirmed in all respects and this Second Amendment shall not be construed to modify, waive or affect any of the terms, covenants, conditions, provisions or agreements of the Lease.





**10. Effective Date.** The Effective Date of this Second Amendment is the date on which the Port executes and delivers the fully executed Second Amendment to Tenant.

**[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]**





IN WITNESS WHEREOF, PORT and TENANT execute this Second Amendment to Lease No. L-12782 at San Francisco, California, as of the last date set forth below.

PORT: CITY AND COUNTY OF SAN FRANCISCO, a municipal corporation, operating by and through the SAN FRANCISCO PORT COMMISSION

By: \_\_\_\_\_

Susan Reynolds

Deputy Director, Real Estate

Dated: \_\_\_\_\_

TENANT: Blue & Gold Fleet, L.P., a Delaware limited partnership

By: \_\_\_\_\_

Its: \_\_\_\_\_

Dated: 12/4/07

APPROVED AS TO FORM:

DENNIS J. HERRERA, City Attorney

By: \_\_\_\_\_

Joanne Sakai  
Deputy City Attorney

Amendment Prepared By: Jerry Romani

\_\_\_\_\_  
(initial)





BLUE & GOLD FLEET, L.P.

PARCEL A

SHED AREA= 11,860 Sq.Ft.

PARCEL B

FENCED AREA= 224 Sq.Ft.

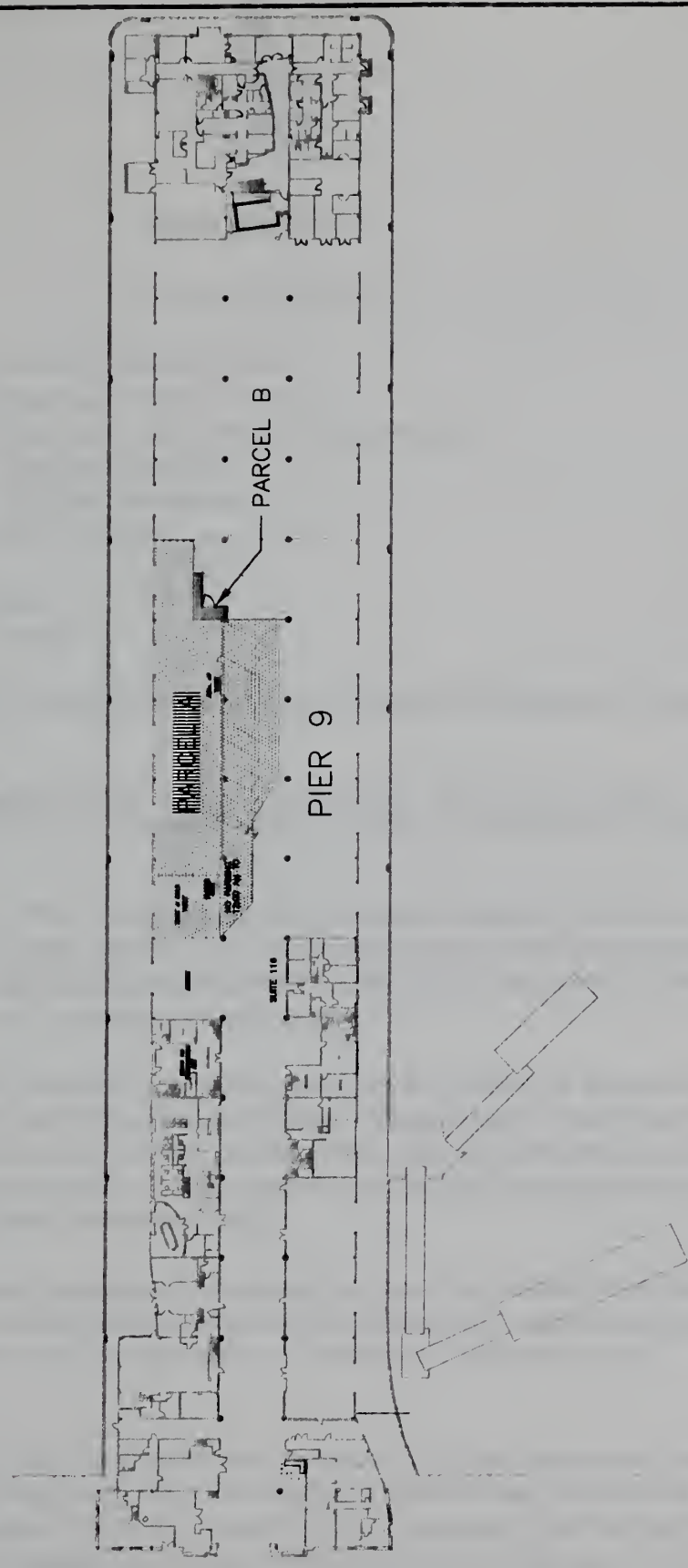


EXHIBIT A - 1

INITIALS: PORT: 8/12 TENANT: [Signature] DATE: 12-1-09

LEASE NO.  <b>L-12782</b>	SAN FRANCISCO PORT COMMISSION PORT OF SAN FRANCISCO DEPARTMENT OF ENGINEERING	TENANT  <b>BLUE &amp; GOLD FLEET, L.P. A DELAWARE LIMITED PARTNERSHIP</b>	DRAWN BY: ECC	DATE: SEPT 21, 2009
			CHECKED BY: J. ROMANI PLACE CODE NO.	SCALE: NONE
			SHEET NO. <b>1090-SHEDA</b> OF SHEETS	







## MEMORANDUM

January 6, 2010

**TO:** MEMBERS, PORT COMMISSION  
Hon. Rodney Fong, President  
Hon. Stephanie Shakofsky, Vice President  
Hon. Kimberly Brandon  
Hon. Michael Hardeman  
Hon. Ann Lazarus

**FROM:** Monique Moyer *M. Moyer*  
Executive Director

**SUBJECT:** Informational Presentation on Proposed Maritime Excursion Lease Renewal Policy

**DIRECTOR'S RECOMMENDATION:** Informational Only – No action required

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### Background

The Port of San Francisco ("Port") is a public enterprise dedicated to maritime, transportation, recreation, public access and commercial and industrial uses on a self-supporting basis through appropriate management, use and development of the waterfront for the benefit of the people of California.

From time-to-time the Port receives inquiries from its current maritime excursion tenants for additional benefits from the Port in the form of extended leases, more leasehold space, changed use or other amendment to their leases. Port staff recommends that request for lease renewals (including amendments and extensions thereof) are considered pursuant to a Maritime Excursion Lease Renewal Policy.

To ensure clarity, equity and consistency in considering such requests, Port staff recommends adoption of a policy delineating the circumstances under which the Port will consider a renewal, amendment or extension of a Maritime Excursion lease.

### Next Steps

Port staff seeks comment, input and guidance from the Port Commission at its January 12, 2010 meeting on the proposed Policy. Thereafter, Port staff will present the policy to the Port's Maritime Commerce Advisory Committee for comment. Port staff anticipates returning to the Port Commission for adoption of the policy at its February 9, 2010 meeting.

Prepared by: Peter Dailey, Deputy Director of Maritime

**This Print Covers Calendar Item No. 10A**

OFFICIAL REPORT

OF THE

PROCEEDINGS OF THE

ANNUAL MEETING OF THE

AMERICAN ASSOCIATION OF

PHYSIOLOGISTS

HELD AT THE

SMITHSONIAN INSTITUTION

WASHINGTON, D. C.

DECEMBER 29, 1913

THE ASSOCIATION WAS ORGANIZED IN 1887, AND HAS SINCE THAT TIME BEEN AN IMPORTANT FACTOR IN THE DEVELOPMENT OF PHYSIOLOGY IN THIS COUNTRY.

THE MEETING OF 1913 WAS THE TWENTY-SEVENTH ANNUAL MEETING OF THE ASSOCIATION, AND WAS THE FIRST ONE HELD AT THE SMITHSONIAN INSTITUTION.

THE MEETING WAS OPENED BY THE PRESIDENT OF THE ASSOCIATION, DR. J. H. GREEN, WHO DELIVERED A MOST INTERESTING ADDRESS ON THE HISTORY OF PHYSIOLOGY IN THIS COUNTRY.

THE MEETING WAS CLOSED BY THE PRESIDENT, WHO DELIVERED A MOST INTERESTING ADDRESS ON THE FUTURE OF PHYSIOLOGY IN THIS COUNTRY.

THE MEETING WAS A MOST SUCCESSFUL ONE, AND WAS THE FIRST ONE HELD AT THE SMITHSONIAN INSTITUTION.

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THE MEETING WAS A MOST SUCCESSFUL ONE, AND WAS THE FIRST ONE HELD AT THE SMITHSONIAN INSTITUTION.

# **PORT OF SAN FRANCISCO MARITIME EXCURSION LEASE RENEWAL POLICY**

**Draft for January 12, 2010 Discussion**

## **GENERAL PORTWIDE POLICY**

The Port of San Francisco ("Port") is a public enterprise dedicated to recreational and maritime use, transportation, public access and commercial and industrial activities on a self-supporting basis through appropriate management, use and development of the waterfront for the benefit of the people of California.

The Port fosters maritime activity and encourages public use and enjoyment of the San Francisco waterfront. The Port strives to integrate maritime uses in its waterfront projects and promotes private investment in these activities for public benefit. The Port manages its properties equitably at market value and in accordance with all laws.

## **OVERVIEW**

The Northern Waterfront is home to major San Francisco and Port tourist venues. The Port is also the embarkation point for waterborne tours in and around San Francisco Bay that serve millions of visitors annually.

This policy for long-term maritime excursion lease renewals ("Maritime Excursion Lease Renewal Policy") pertains to the Port's maritime leases along its Waterfront with tenants who provide waterborne excursion (including ferry excursion) activities. This policy is intended to set internal guidelines only. It is not intended to restrict the Executive Director's authority to make any decision deemed in the Port's best interest. This Maritime Excursion Lease Renewal Policy recognizes the Port's desire to promote and protect its maritime uses and offers guidelines for renewal for such maritime excursion leases. This policy does not cover requests for changes to the use allowed under a lease. All renewals must retain the same maritime use as defined in the existing lease.<sup>1</sup>

This Maritime Excursion Lease Renewal Policy is intended to ensure that maritime excursion leases are equitably administered, are fairly valued, generate revenues to the Port and its business partners, and serve the San Francisco residents and visitors. Through this Maritime Excursion Lease Renewal Policy, the Port is committed to maximizing the use of existing maritime excursion vessel facilities and realizing financial and other benefit to the Port's portfolio. For purposes of this Maritime Excursion Lease Renewal Policy, "renewal" and "renew" shall include lease renewals, extensions, and/or amendments to existing leases with maritime excursion tenants as described above.

## **MARITIME EXCURSION LEASE RENEWAL POLICY**

The Port has adopted the following requirements governing the review of requests for Renewal of an existing lease that includes scheduled waterborne excursions in and around San Francisco

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<sup>1</sup> Any request for a renewal of lease at a maritime excursion facility which proposes to expand or change the existing maritime excursion use will be considered by the Port, in its discretion, as part of a formal solicitation (e.g., Request for Proposals) and not as a negotiation covered by this Maritime Excursion Lease Renewal Policy.





Bay and that may or may not include sales of tickets and other ancillary consumer goods and services:

**A. Conditions to Consideration for Lease Renewal include but are not limited to:**

1. The Port will consider proposals to renew Maritime Excursion Leases that include term extensions only within the final three years of a current lease or in the event that a Tenant proposes tenant-financed, maritime use improvements (such as structural or life-safety improvements) to Port facilities that cannot be amortized within the existing lease term but can be amortized before the expiration of an extended term.
2. The Port will not consider modifications to use provisions for a current lease, including expansion of retail use, for lease renewals negotiated pursuant to this policy. The Port will only entertain a change of use at a maritime excursion facility as part of a formal solicitation (e.g., Request for Proposals) for a new lease at the subject site.
3. The Port reserves the right to approve in its discretion the use of any specific Port location for excursion service.
4. The Tenant must be a "tenant in good standing," in accordance with Port Commission policy (and as amended from time to time) which includes, but is not limited to, being current with all payments to include percentage rents, being in compliance with all uses under the terms of the existing lease, being in compliance with all other terms of the lease including but not limited to required maintenance and repairs, insurance, all City codes and ordinances, and all environmental rules and regulations.
5. Proposed capital improvements will be completed at the Tenant's expense. If a Lease is renewed based on Criterion #1 above, the Tenant must perform such improvements within 36 months of Lease Renewal and failure to do so may result in immediate termination of the Renewed Lease.<sup>2</sup>
6. Tenant must demonstrate the financial capacity to undertake and complete the proposed improvements, including all sources of financing, which shall be reviewed independently by the Port.
7. Any lease renewals will be reviewed and approved individually by the Port Commission, in its independent authority, and by the City Board of Supervisors, if required.

**B. Obligations of Renewed Leases include but are not limited to:**

1. Tenant must be the excursion operator. Any subtenants will be reviewed and approved by the Port in its discretion.

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<sup>2</sup> In the event Tenant fails to obtain the approval, permits or financing of the proposed improvements and/or complete the improvements within 36 months, the Renewed Lease will terminate without penalty to the Port.





2. Market rent will be established at execution of the Renewed Lease based on available industry comparables and site history.
3. The Port will charge a participation rent on all concession revenues.
4. The Port will charge a participation rent on all retail sales, including subtenant sales.
5. The Tenant will disclose all gross revenues and grant the Port the right to conduct periodic audits and obtain and review related financial reports promptly following request.
6. The Port will participate in proceeds from sale, transfer, assignment and refinancing of leaseholds. The Port will retain the right to approve all ownership and capital changes.
7. The Tenant will adhere to California Environmental Quality Act provisions and cooperate fully with the Port of San Francisco and the San Francisco Planning Department during the CEQA compliance process.
8. The Tenant will comply with all other laws, including, without limitation, current San Francisco City laws and regulations.

#### **CONSIDERATION OF AREA DESIGN, PLANNING AND OTHER FACTORS**

The Port may elect not to renew a lease at a given location due to then-existing area conditions affecting its use. Such instances include, but are not limited to:

- Water Emergency Transportation Agency (WETA) ferry service and maintenance locations
- National Park Service excursion plans
- Water taxi landing sites
- Pending design of public improvements to the Jefferson Street Public Realm
- Proposed Clean and Safe Parks Bond projects
- The New Pier 27 Cruise Terminal
- Other Projects as they arise before the Port Commission

The Port Commission reserves the right, in its sole discretion, to modify or waive any portion of this policy. Additionally, this policy is not intended to apply to Port Commission Request for Proposals ("RFP") or Exclusive Right to Negotiate Agreements ("ENA"), for any lease, development, rehabilitation or use of the Port's property. Such an RFP or ENA may include some, but not all, of the considerations contained in this policy.

#### **EFFECTIVE DATE**

Upon adoption by the Port Commission, this Policy shall become effective on February 15, 2010.





## MEMORANDUM

January 6, 2010

**TO:** MEMBERS, PORT COMMISSION  
Hon. Rodney Fong, President  
Hon. Stephanie Shakofsky, Vice President  
Hon. Kimberly Brandon  
Hon. Michael Hardeman  
Hon. Ann Lazarus

**FROM:** Monique Moyer *M. Moyer*  
Executive Director

**SUBJECT:** Proposed revision to the Port Building Code to include: Administrative Modifications and Corrections to Chapter 1, Stormwater Design Guidelines, Dust Control Provisions, and Floodplain Management Provisions.

**DIRECTOR'S RECOMMENDATION:** Informational Item – No Action Required

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### Introduction

On January 1, 2008, the 2008 Port of San Francisco Building Code (PBC) was adopted by Port Commission Resolution 07-85. Subsequent to the January 1, 2008 adoption, federal and City agencies and the Port Commission have determined additional controls are required to safeguard property from natural elements with the potential for adverse effects to the atmosphere and bay and ocean waters. In order to administer these controls, the 2008 PBC needs to be revised to provide the regulatory authority and amended engineering design requirements necessary to enforce standards for environmental protection and management derived from new City ordinances for floodplain management, dust control and stormwater control; and the Federal Clean Water Act.

### Background

The current 2008 PBC adopts the standards of the California Building Standards Commission (CBSC) 2007 edition of the "model" codes with local amendments and incorporates administrative regulations that enable the Port Commission, acting through

**This Print Covers Calendar Item No. 11A**





the Chief Harbor Engineer, to administer and control construction activities for building, mechanical, electrical and plumbing work and improvements as well as regulate the condition and maintenance of all buildings and structures within the Port's jurisdiction. The CBSC provides for continuous upgrades to the "model" codes through supplemental regulations and corrections of errata that are essential to ensure the building codes are not static, that they remain viable, living documents that keep pace with the changes constantly occurring in the construction industry. Generally, these upgrades are limited to construction methods, standards and materials. Administrative aspects are left to the local authorities having jurisdiction. Modifications updating the administrative provisions of the codes are necessary to assure the codes can be administered effectively, to best serve the community and public interest, while granting the authority to protect the environment and provide for adequate protection in areas of public health, safety and welfare.

The proposed February, 2010 Edition of the 2008 PBC contains revisions, corrections of errata, and upgrades that will improve and clarify the administrative provisions of Chapter 1A of the code regulating construction. The proposed code revisions also incorporate provisions for environmental protection and management that mirror San Francisco ordinances for dust control and stormwater control. Provisions for stormwater control are necessary to ensure compliance with a Clean Water Act permit administered by the Port and the San Francisco Public Utilities Commission. Provisions for dust control are necessary to protect public health and ensure consistency with requirements for other City construction projects. The PBC revisions also incorporate provisions for floodplain management derived from the City and County of San Francisco Floodplain Management Ordinance which provides the Port with regulatory authority, Interim Flood Plan Maps and permits variances from requirements for new construction and substantial improvements of existing facilities in identified flood prone areas.

### **Funding**

There are no funding requirements for publishing the new version of the PBC. Staff plans to maintain an updated copy of the 2008 PBC February, 2010 Edition on the Port's internet web page ([http://www.sfgov.org/site/port\\_page.asp?id=115323](http://www.sfgov.org/site/port_page.asp?id=115323)) and to make copies of the Code available to the public at the Engineering Building Permit Desk.

### **Schedule**

In compliance with state and local requirements, Port's Engineering staff will post notification of the Port's intent to adopt the 2008 Port Building Code February, 2010 Edition and copies of the draft code on the internet site ([http://www.sfgov.org/site/port\\_page.asp?id=115323](http://www.sfgov.org/site/port_page.asp?id=115323)) and at the Engineering Division's Permit Desk for public review and comment. In addition, an advertisement will be posted in the San Francisco Examiner, a local newspaper, from January 15 to February 15, 2010. Port staff will seek Commission authorization to adopt the PBC February 2010 Edition at the February 23, 2010 Commission meeting.



State law provides that no local modifications or changes to the California Building Standards Code shall become effective until the local agency makes express findings that such modifications are reasonably necessary because of local climatic, geographical or topographical conditions, and such findings have been filed with the California Building Standards Commission. (California Health and Safety Code §17958.7.) These proposed revisions include modifications to the state code that "differ," "vary," are "reasonably necessary," or are "more restrictive" than the state code based upon local conditions and findings. Therefore, upon adoption by the Port Commission, staff also will request Port Commission authorization to file with the state Building Standards Commission, the Port's modifications to the 2007 State Building Standards Codes, and the local findings that support such modifications to the state building code. Furthermore, staff will request that the Port Commission repeal the existing 2008 PBC and adopt the 2008 PBC February, 2010 Edition, with an effective date of March 3, 2010.

### **Summary**

The adoption of the 2008 PBC, February, 2010 Edition will provide the authority and regulations necessary to protect the environment in a manner that is consistent with the federal and City requirements while being particular to the Port's specific local climatic, geographical, or topographical conditions and it will improve the administrative aspects through editorial corrections and simplified regulations for permit processing.

Prepared By: John Aires  
Senior Building Inspector

For: Edward F. Byrne  
Chief Harbor Engineer



# **SAN FRANCISCO PORT COMMISSION**

**JANUARY 12, 2010  
MINUTES OF THE MEETING**

GOVERNMENT  
DOCUMENTS DEPT

FEB - 5 2010

**MEMBERS, PORT COMMISSION**  
**HON. RODNEY FONG, PRESIDENT**  
**HON. STEPHANIE SHAKOFSKY, VICE PRESIDENT**  
**HON. KIMBERLY BRANDON**  
**HON. MICHAEL HARDEMAN**  
**HON. ANN LAZARUS**

SAN FRANCISCO  
PUBLIC LIBRARY

**MONIQUE MOYER, EXECUTIVE DIRECTOR**  
**AMY QUESADA, COMMISSION SECRETARY**





# CITY & COUNTY OF SAN FRANCISCO PORT COMMISSION

## MINUTES OF THE MEETING JANUARY 12, 2010

### 1. CALL TO ORDER / ROLL CALL

Commission President Fong called the meeting to order at 2:05 p.m. The following Commissioners were present: Rodney Fong, Stephanie Shakofsky, Kimberly Brandon, Michael Hardeman and Ann Lazarus.

### 2. APPROVAL OF MINUTES - December 8, 2009

ACTION: Commissioner Lazarus moved approval; Commissioner Brandon seconded the motion. All of the Commissioners were in favor; the minutes of the meeting were adopted.

### 3. PUBLIC COMMENT ON EXECUTIVE SESSION

### 4. EXECUTIVE SESSION

- A. Vote on whether to hold closed session to confer with Legal Counsel and Real Property Negotiator.

ACTION: Commissioner Lazarus moved approval; Commissioner Brandon seconded the motion. All of the Commissioners were in favor.

At 2:06 p.m., the Commission withdrew to executive session to discuss the following:

#### (1) CONFERENCE WITH LEGAL COUNSEL REGARDING EXISTING LITIGATION MATTERS.

- a. Discuss existing litigation matter pursuant to Section (a) of California Government Code Section 54956.9 (a) and San Francisco Administrative Code Section 67.10(d):

- City & County of San Francisco by and through its Port Commission vs. William Dawson d.b.a. Seafood Suppliers, Inc. Superior Court of the State of California, County of San Francisco (Case No. CUD-09 629-282).

#### (2) CONFERENCE WITH REAL PROPERTY NEGOTIATOR – This is specifically authorized under California Government Code Section 54956.8. This session is closed to any non-City/Port representative.\*



- a. Property: AB 8719, Lot 002, also known as Seawall Lot 337, AB 9900, Lot 62, also known as China Basin Park, and AB 9900, Lot 048 and AB 9900, Lot 048H, also known as Pier 48 (all bounded generally by China Basin, the San Francisco Bay, Mission Rock Street, and Third Street)  
Person Negotiating: Port: Byron Rhett, Deputy Director, Planning & Development  
\*Negotiating Parties: Jack Bair, SWL 337 Associates, LLC

## **5. RECONVENE IN OPEN SESSION**

At 3:20 p.m., the Commission withdrew from executive session and reconvened in open session.

ACTION: Commissioner Shakofsky made a motion to adjourn executive session and reconvene in open session; Commissioner Hardeman seconded the motion. All of the Commissioners were in favor.

ACTION: Commissioner Shakofsky made a motion not to disclose any information discussed in executive session. Commissioner Lazarus seconded the motion. All of the Commissioners were in favor.

## **6. ANNOUNCEMENTS.** The Commission Secretary announced the following:

### **A. Announcement of Prohibition of Sound Producing Devices During the Meeting**

Please be advised that the ringing of and use of cell phones, pagers, and similar sound-producing electronic devices are prohibited at this meeting. Please be advised that the Chair may order the removal from the meeting room of any person(s) responsible for the ringing or use of a cell phone, pager, or other similar sound-producing electronic device.

### **B. Announcement of Time Allotment For Public Comments**

Please be advised that a member of the public has up to three minutes to make pertinent public comments on each agenda item unless the Port Commission adopts a shorter period on any item.

## **7. EXECUTIVE**

### **A. Executive Director's Report:** Executive Director Monique Moyer reported the following:

- Emerald Bowl – December 26, 2009  
Emerald Bowl is a college bowl game played at AT&T Park on December 26, 2009. It set new records for a bowl game at AT&T Park and with





ESPN. There were 40,000 fans at the ballpark. 5.2 million households tuned in to the game with a total of 8 million viewers. It turned out to be the second-most-watched college football game in ESPN history, which is outstanding for the Port's asset to get that kind of recognition. Her 2010 resolution is to get the words "Port of San Francisco" somehow, some way on that field.

The two college teams were from the University of Southern California and Boston College. The University of Southern California is a team that hasn't played a bowl that's not the Rose Bowl. The two teams have only played each other twice before. The last time was twenty-one years ago. It was a very good opportunity for both the city and the Port, and we hope it had a good impact on tourism as well.

- New Year's Eve Activities – December 31, 2009

New Year's Eve was also well attended. It went exceedingly well. There were large crowds in front of the Ferry Building in the Ferry Plaza area where the fireworks occurred. The Port experienced some pedestrian bottlenecks around Pier ½. We also had our regular contingent of illegal vendors and we'll be working on that going forward. We worked very cooperatively with the Mayor's Office. She thanked Martha Cohen as well as the San Francisco Police Department, who has done a great job in protecting our assets. As the Commission might recall five or more years ago we used to come back and find broken windows at the Port, and we've certainly not had any of that lately. She thanked Port Engineering, Port Maintenance, Real Estate, and Security staff. A number of folks including Andreas Acevedo spent the night here working on the event and protecting our property. She also gave a special thanks to Alan Nevling from Engineering.

- Interim Remedial Action on Port owned shoreline east of Mirant Power Plant by PG&E – work commenced January 5, 2010

This is a beach area, which is not well visited given its proximity to the power plant, but not long ago it was determined to have manufactured gas plant contamination along the beach and water area. We've been working cooperatively with PG&E, the Regional Water Quality Control Board, the U.S. Army Corps of Engineers, NOAA's National Marine Fishery Service, and BCDC to remedy this issue. On January 5, 2010, PG&E began mobilizing equipment to the site to protect the beach and to start to pull out some of the contaminants. They hope to complete that phase of the work by the end of February. In March, Port staff plan to give the Commission a more in-depth update of what the next phase will be as it relates to the surrounding area. This is a very positive step towards getting the remediation of the contamination.



- Maiden Call of Cunard's Queen Victoria at Pier 35 – January 27, 2010

Queen Victoria is a vessel that is three years old. She is a sister vessel to the Queen Mary II. She's part of Cunard's portfolio of Queens and there will be another Queen joining the portfolio on October 2010, known as the Queen Elizabeth. This is the first segment of their 2010 world voyage. It's a 99-day circumnavigation of the globe from New York to South Hampton. They'll start in New York, pick up passengers in Fort Lauderdale, come around the Canal to San Francisco, go to Hawaii, then Australia, Asia, etc. The cruise goes through both the Panama and Suez Canals and will visit 41 ports. The Queen Victoria holds 2,000 passengers. She has a royal court theater, which has private viewing boxes, the only theater at sea known to have private viewing boxes. She has a two-story library. There's also fencing activity on the ship. She'll be here on Wednesday, January 27, 2010 arriving about 6:30am and sailing at 6:00pm. She'll be escorted by the fireboats as she departs. It should be a fun event, and she hopes everybody gets a chance to see her from some area along the waterfront or the Golden Gate.

Right after the Queen Victoria, there will be another maiden voyage of the Arcadia. The Port will be graced by two vessels coming in on their maiden voyages. These are some of the new vessels being built over the last couple of years. This is a tribute to the work that Peter Dailey and his team have been doing over the last couple of years to get San Francisco as an important cruise destination, especially on this around-the-world cruises where we don't have as many issues with the Passenger Services Act. We're starting to see the fruits of their labor in 2010 and we'll be seeing more of it in 2011. She congratulated Peter Dailey and his team for a job well done.

- San Francisco Chronicle Columnist John King's Top 10 Decade's Best Architecture

On December 30, 2009, San Francisco Chronicle columnist John King wrote a very interesting article called "The Top Ten Decades' Best Architecture." The Port had several pieces of work listed on the top ten: AT&T Park, the Ferry Building and Pier 14. Ernestine Weiss is not here today because it is her birthday, but in the spirit of Ernestine we will also take credit for Mission Creek Park, which is technically not ours. Four out of ten is outstanding and kudos to the Port Commissioners and Port staff who had the vision and implemented the vision, and all of the numerous entities and individuals who helped us.

Interestingly, in his remarks John King said of the Ferry Building that it is "a fusion of new and old. It reminds us that, at its best, historic preservation lays the groundwork for the future." With respect to Pier 14 he said, "Pier 14 proves that new elements along the water don't need to pretend that they were there all along." The Port is all things to all people





all of the time, and even in our architecture. She especially liked, in his description of Pier 14, that: "you have a sensation you're walking on a catwalk above the depths, leaving the city behind." It was really a nice tribute. She congratulated the hundreds of people who have worked on these projects over the last decade, not the least of which is our own Planning and Development staff.

B. Election of Port Commission Officers

Commissioner Fong indicated that this being the first meeting of the Port Commission, one of the procedures that they're mandated to do is have an election of officers for the Port Commission. There are two seats – the President's seat as well as the Vice President's seat. Commissioner Fong called for nominations for the President's seat.

Commissioner Shakofsky nominated Commissioner Fong as President of the Port Commission; Commissioner Lazarus seconded the motion.

Commissioner Fong called for nominations for the President's seat for the second and third time.

Commissioner Shakofsky commented that it's been a pleasure, an honor, and downright fun to serve under Commissioner Fong's presidency and she looks forward to another good year.

Hearing none, Commissioner Fong indicated that the nominations for Port Commission President are now closed and called for the question of those in favor of electing Commissioner Fong as President of the Port Commission. All of the Commissioners were in favor.

Commissioner Fong was elected President of the Commission.

Commissioner Fong thanked his fellow commissioners. It has been fantastic to work together. We have a pretty good team here. It's been great and an honor to work with Port staff. There are some very talented people at the Port of San Francisco and, most importantly, he's really proud to serve the city of San Francisco and its community.

Commissioner Fong opened the floor for nominations for the seat of Vice President.

Commissioner Hardeman nominated the current Vice President, Stephanie Shakofsky, who's done an outstanding job. Commissioner Lazarus seconded the motion.

Commissioner Fong called for nominations for the Vice President's seat for the second and third time.





Hearing none, Commissioner Fong closed the nominations for Vice President and called for the question of those in favor of electing Commissioner Shakofsky as Vice President of the Port Commission. All of the Commissioners were in favor.

Commissioner Shakofsky was elected Vice President of the Commission.

Vice President Shakofsky thanked her fellow Commissioners. She looks forward to a good year at the Port, and working with the very talented and experienced Port staff and her fellow Commissioners.

Ms. Moyer congratulated Commissioners Fong and Shakofsky and, more importantly, thanked them for their leadership.

## **8. CONSENT**

### **A. Accept Second Quarter Contracting Activity Report for Fiscal Year 2009/2010 for the October 1, 2009 to December 31, 2009 Reporting Period.**

ACTION: Commissioner Hardeman moved approval; Commissioner Lazarus seconded the motion. All of the Commissioners were in favor; items on the consent calendar were approved. Resolution Nos. 10-01, 10-02 and 10-05 were adopted.

Commissioner Brandon requested that Item 8A be pulled off the Consent Calendar and would like to hear a presentation now or move it to the forward calendar because there's a lot of valuable information in that report. Besides the fact that we are exceeding our goal, there are several proposed amendments to the Administrative Code. The Mayor and the Board of Supervisors have introduced new legislation to enhance the ordinance, which should be shared with the public.

ACTION: Commissioner Hardeman withdrew his previous motion and made a motion to approve Items 8B, 8C and 8D on the consent calendar and listen to a presentation on Item 8A; Commissioner Lazarus seconded the motion. All of the Commissioners were in favor; Resolution Nos. 10-01, 10-02 and 10-05 were adopted.

Norma Nelson, Contracts Manager, indicated that the Port's goal for local business participation is 20%. The Port has been consistently exceeding that goal every quarter each year. In this particular quarter period, we have again exceeded the goal at 25.79%, roughly 26%. That's based upon a variety of contracts that the Port is engaged in, the as-needed contracts for engineering and environmental services as well as the real estate and economics-related services, construction contracts, and other professional services. We also have contracts that do not have the local business enterprise participation requirements, either because they're federally funded projects or they're sole-source contracts, etc. Even though we're not required to have local business



participation, we've still been able to include local business participation on those contracts and the participation has been 7.49%.

These are subcontracting participation for local business enterprises. The Port also actively pursues and promotes the utilization of local business enterprises to compete for Port contracts as prime contractors i.e. the entity with whom we are entering into contract above the subcontractor. A significant amount of the contracts awarded during this period has included joint ventures with local business enterprises. It includes the contract for the Pier 45 drainage project and we also awarded as-needed contracts for engineering services that included joint venture participation.

This particular report includes upcoming contracting activity. It also includes activity relative to the impact of employment positions for Local 21 collective bargaining unit. We're required to include that information based upon the Port Commission's policy as well as the Memorandum of Understanding with Local 21.

We've been meeting our goals. We conducted a workshop with our consultants to make sure that they clearly understand the requirements for the local business participation, not only when awarding the contract but to ensure that throughout the duration of the contract they're actually awarding the work to the local business enterprises and promptly paying them consistent with the Mayor's policies relative to prompt payment.

Yesterday, the Board of Supervisors' Land Use and Economic Development Committee held a hearing concerning the proposed ordinance amendments that are included in this report. Based upon information that she received today, those amendments are scheduled to go before the full Board of Supervisors on January 26, 2010 for adoption. There are four different pieces of legislation that will impact the Port's contracting activities, and that information is presented to the Commission to keep the Commission informed of the proposed changes.

One of the changes involves an amendment to Section 21.5 of the Administrative Code which deals with contracts that are presently under the control of the Office of Contract Administration and are signed by the City Purchaser as opposed to non-construction-related professional service contracts and construction contracts. They get signed at the Port and executed by our Executive Director.

Under Administrative Code Section 21.5, one of the proposed changes is to change the dollar threshold in which the City Purchaser is allowed to sign contracts that are not competitively bid. The whole idea behind all of these changes is for local economic stimulus, basically to put contract work into the hands of local businesses so that the job opportunities are increased within the local community and to expedite the process so that we can keep the projects moving.





This change in the dollar threshold relative to informal competitive bidding requirements is being proposed to change from \$50,000 to \$100,000. It also permanently sets forth a citywide policy that establishes contracts for set-asides for micro local business enterprises. One of the reasons why the micro business enterprise program is important is because these are small businesses that are included within the database for the Human Rights Commission that are more economically disadvantaged and may not have the same level of experience in competing with contracts. It gives them an opportunity to be able to gain the experience so that they can grow and thrive. This set-aside is being presented as an amendment to the ordinance for that purpose.

The ordinance amendment to Administrative Code Chapter 6 has to do with Public Works contracting. These are the kinds of contracts that typically get executed by our Executive Director. They are not signed off on by the City Purchaser. They get reviewed but they basically are within the Port's control. The amendment to Administrative Code Chapter 6 is actually entitled Economic Stimulus Measure for Capital Project Acceleration. With this particular amendment to the Administrative Code, it's going to provide opportunities to streamline the process in that in this particular case the Port Executive Director will be able to delegate more authority to Deputy Directors in terms of being able to sign off and process contracts. We pretty much have something in place already to address that, but this particular ordinance amendment will formalize that as a policy. It also has a number of other changes. It involves more reporting. It will also change the dollar threshold for professional service contracts from \$25,000 to \$100,000. These are the professional service contracts such as architectural and engineering-type services, so that we don't have to necessarily go out for competitive bid all the time for those types of contracts.

One of the concerns about that particular change has to do with the fact that the Port has as-needed contracts, which she reports to the Commission on a quarterly basis. We have roughly twelve of those contracts, three that we have for environmental and three that we have for engineering. Each of those contracts has local business participation goals. One of the concerns around the possible changes to that section of the Admin Code is that we might be in a position where we have to allocate contracting opportunities for set-asides or for some of these other contracts that may take away opportunities for the master contracts under the as-needed pool to meet their LBE requirements. We will diligently monitor that to make sure there's no adverse impact to those master agreements.

There's also language that has to do with job order contracting. The Port of San Francisco doesn't have a job order contracting arrangement at this time. Job order contracting is sort of an as-needed pool for construction work or maintenance work, so in the event that we had some urgent need for maintenance work that couldn't be performed by our own personnel we would be able to contract for that, or smaller construction contracts. We would be



able to easily contract for those services, similar to the way we contract for the as-needed architectural, engineering, and environmental services contracts. The Department of Public Works would be able to utilize its job order contracting program as a set-aside. We wouldn't have that opportunity. That's one of the differences in terms of impact to the Port.

The other two changes are related to the Chapter 14B ordinance. That is the ordinance specifically designed and specifies local business participation and non-discrimination in contracting. There's a lot of clean-up language in the ordinance but there are also some changes in terms of set-asides for local business enterprises that will have to be implemented at the Port. The impact to us is that we will probably need to more proactively project on an annual basis what our contracting needs are and define what those set-asides should be on an annual basis.

One of the other impacts has to do with establishing a small-business enterprise category. This is something very new to the 14B ordinance and it allows a 2% bid discount or bid preference on contracts between \$5 million and \$20 million. Typically, this wouldn't have much of an impact to the Port but over the next few years the Port is going to be implementing a large number of construction projects based upon the ten-year capital plan and some of the projects are funded as part of the General Obligation Bond and the Revenue Bond program. We have a number of contracts that will fit within that particular range and based upon the preferences that will be applicable to those particular projects there are some costs associated with it, and it's estimated to cost the Port around \$732,000.

Typically when we have a bid for construction contracts or professional services, in particular, those firms responding to the Port's bid solicitations or RFQs or RFPs have to go through an extensive amount of good-faith effort to determine whether or not they've complied with those requirements in terms of outreach to local businesses, etc. Oftentimes, the amount of paperwork gets into binders this thick. One of the requirements with the changes to the ordinance will allow them to dispense with all of that documentation if they've exceeded the LBE participation goal by more than 35%. That will be very helpful in terms of more efficiencies in the contracting process on the part of those trying to contract with the Port in addition to Port and HRC staff that have to review that documentation.

Commissioner Brandon asked for a brief summary of what the micro local business enterprise set-aside program is and who qualifies, etc.

Norma Nelson replied that in the micro LBE program, there are various dollar threshold limits for receiving bid discounts and incentive credits for professional service competitive procurements in which we engage. Those thresholds kind of vary. For instance, in the case of construction contracts the annual gross income that might be allowable for a general contract might be \$10 million for just a local business enterprise in general. However, for the





micro local business enterprise entity, the annual gross receipts dollar threshold may be something like \$3 million. It allows those firms that are smaller that have not been able to achieve the gross income because of the opportunities, etc. to basically have a foot in the door in terms of gaining that experience. Essentially, it's a lower dollar threshold in terms of eligibility to participate in the program. Oftentimes, those firms who are larger and have the more experience are the firms who end up getting most of the contracts. These smaller firms will then have an opportunity to get a foot in the door and have an opportunity to contract as well because of these set-asides.

Commissioner Brandon asked if there is going to be an M-LBE requirement or goal for every contract.

Norma Nelson replied no. For those contracts that are set aside for the micro LBE program, there may or may not be a set-aside depending upon the dollar amount. There will be goals if it's a formally procured contract but if it's like under those dollar thresholds that she was discussing earlier then they would not be required to have LBE participation because it may not be economically feasible for there to be subcontracting opportunities.

Ms. Moyer indicated that the Supervisors heard these items this morning at the Land Use Committee. It's still going through the committee process. So far we've seen changes each time that's happened.

Norma Nelson replied that she spoke with the Clerk today and there are some changes that are going to be made to the fourth item that has to do with the changes related to 14B and the small business enterprise program. There are some additional changes that will be made to that particular program. She's not aware of what they are at this time but the other programs were adopted by the Land Use and Economic Development Committee as presented in the report.

Commissioner Hardeman indicated that it's appropriate at this time that we recognize a real pioneer in all these items that Ms. Nelson discussed, the recently deceased Public Utilities Commissioner, Jim Jefferson. He was fortunate to serve on the Public Utilities Commission with Jim. He was a pioneer in his field and he was one of the finest human beings that he's ever worked with in government or private sector. He suggested that we close today's meeting in his memory and make a tribute to him at this appropriate time.

Ms. Moyer added that he's going to be memorialized at City Hall on Friday, January 15, 2010 at 5:30 pm. Commissioner Hardeman indicated that it will be at 5 p.m. at the City Hall rotunda.

- B. Request approval to increase Executive Director's authority to execute settlements up to \$25,000. (Resolution No. 10-01)





- C. Request authorization to advertise for competitive bids for Construction Contract No. 2739, Pier 33 Sidewalk Improvement Project, to facilitate access/egress to Pier 35 Cruise Terminal. (Resolution No. 10-02)
- D. Request authorization to apply for, accept and expend \$500,000 in grant funds from the California Cultural and Historical Endowment for the Pier 70 Union Ironwork's Machine Shop Stabilization Project. (Resolution No. 10-05)

## 9. REAL ESTATE

- A. Request authorization to award, subject to the Board of Supervisors' approval, a three-year lease for surface parking between the Port of San Francisco and Central Parking System, Inc. Lease No. L-14795 for Bid Opportunity A: Seawall Lot 301 commonly known as the Triangle Parking Lot, and SWL 314 located in the Northern Waterfront. (Resolution No. 10-04)

Commissioner Rodney Fong recused himself on Item 9A. Commission Vice President Stephanie Shakofsky presided over the meeting.

Commissioner Fong recused himself on this item.

Jeffrey Bauer, Port Leasing Manager, indicated that he will make a brief presentation and Kyle Dunst, General Manager of Central Parking will make a brief presentation thereafter. On October 13, 2009 the Port Commission authorized Port staff to offer through the competitive bid process two parking lots, Seawall Lot 301, commonly known as the Triangle Parking Lot, and Seawall Lot 314. The successful bidder would be the one who proposed the highest minimum rent and met the minimum qualifications for experience and financial standing. The submittal due date was November 18, 2009 at which time the bids were publicly opened and ranked according to the highest bid.

The Port received thirty-eight requests for bid packages. Eventually, the Port received three qualified bidders. The winning bidder was Central Parking System. In developing the bid criteria, the Port sought to provide various parking alternatives for its diverse customer base, such as hourly, daily, valet, and, where permitted, monthly parking. Currently, the Triangle Parking Lot, Seawall Lot 301, operates through a direct month-to-month operating agreement between the Fisherman's Wharf Restaurant Association and the Port of San Francisco. The tenant then subleases the lot to a parking operator. Currently, the Port receives approximately \$30,000 per month after the deduction of all operating expenses by the tenant, the Association, including free validation for some Port restaurant tenants. The agreement does not contain a percentage rent clause.

In the proposed new lease with Central Parking Systems, the Port is guaranteed either the greater amount of \$112,142 per month or 66% of all gross revenues. This represents an approximate 274% increase over the existing contract.



The lot will provide the same high level of customer service to the Fisherman's Wharf visitors, with equivalent hours of free validated parking to a larger number of Port retail tenants. Central Parking will ensure equivalent staffing levels to provide smooth traffic control and access in and out of the lot.

Central Parking also is the current holder of the lease at Seawall Lot 314. Their current lease terms provide the Port \$25,437 per month or 66% of gross revenues. Under the proposed new lease, the Port will receive \$48,773 per month or 66% of all gross revenues. This represents an 80% increase over the existing lease.

Over the term of the lease with Central Parking, the Port will receive \$5 million over the three-year term in minimum rent. Port staff expects increases in percentage rent as well.

Under the new lease, Central Parking is required to provide the same level of free validated parking as is happening in the lot at this time. Central Parking is also required to maintain a customer service and operation policy to ensure adequate staffing levels and to provide for traffic control measures to make sure there is always access to the lot. Failure to do so may constitute a material default of the lease.

Central Parking is also required to comply with several City ordinances, including the Displaced Workers Act, Prevailing Wage Ordinance, and also to install the City-required revenue control equipment in the lot.

Port staff recommends that the Commission approve Lease #L14795 with Central Parking System and authorize the Executive Director to forward said lease to the Board of Supervisors for award and approval.

Kyle Dunst explained what Central Parking does and that is to essentially maximize revenues. We looked at a way of examining volumes, rates and collection percentages and operating efficiencies. We've been doing this for a very long time. We were founded in Tennessee in 1968. We currently have about ninety cities in which we operate. We have 14,000 employees and approximately ninety in San Francisco.

One reason we decided to put so much down on this minimum rent requirement was the fact that we wanted to show that we could do it and that we could really improve the income to the Port. We have plans set up in place and a transition and flow patterns that will be more beneficial to the Port and the customers, more importantly.

We have a lot of different things in place. We have some customer service standards set, and additionally we want to put the pay-machine equipment in place, as was mentioned earlier. Currently, there's no pay-machine system in place and in terms of revenue collection there are some more efficiencies





they can make. We will adhere to the Displaced Workers Act. We plan on adhering to all the contract requirements. This would essentially make things easier for the customers because it would take cash out of the hands of the actual employees and give them the opportunity to drive the vehicles because in order to maximize revenues on this lot and to accommodate as many parkers as possible, they will have to offer valet services.

With that, we plan on having meetings as well with the restaurants. This is a group effort, a collaborative effort. For it to be successful, the restaurants will be included and will honor the validation programs, per the contract requirement. The validation process is very simple. Instead of having a stamp, which is currently being used, this new equipment is able to just validate a ticket. It's as simple as that –give it to whatever restaurant has a validator and it encodes a certain amount on the ticket, it gets put into the pay machine, and the customers are on their way.

In terms of ingress and egress control, we want cars to move into and out of the lot in a fluid motion. We do this for stadiums. A small surface lot will be a snap. There are certain things we can do to eliminate that bottleneck at the entrance, and with some actual pay-on-foot equipment and gates and revenue control-type assets we'll be able to turn the operation around and bring that 200+% increase for the Port.

Commissioner Hardeman asked about the validation process. He asked if it will be validated in a machine just like what's being done around town. The customer will pay with a credit card or cash. The code would be read by that machine when it gets validated from the tenant. Kyle Dunst replied affirmatively.

Commissioner Brandon asked if they are able to track validations. Kyle Dunst replied affirmatively.

Commissioner Hardeman asked about the number of employees that will be displaced because of the new modern equipment. He asked if they have access to other properties and offer jobs to those employees.

Kyle Dunst replied that they are looking into options. They're going to do the best they can to accommodate as many people as they can. There shouldn't be too many employees displaced; it will probably be just one cashier.

Gary Burns indicated that from June 1, 2008 to May 31, 2009, the Triangle Lot operator parked 303,000 cars and validated 145,000 cars. It's very important to their business' well being that these numbers are maintained or hopefully exceeded. He enumerated rates from some of their competition in the city: North Beach Garage charges \$3.00 an hour; Union Square \$3.50 an hour; Fifth and Mission \$3.50 an hour; the Sutter Stockton Garage \$3.00 an hour and the Ellis O'Farrell Garage \$3.50 an hour.



If a group of people were asked to associate the word "tourist" with another word, a good number would probably select the word "trap," tourist trap. They have fought this image at the Wharf for many years. Parking, when it's free in other parts of the city on holidays and Sundays, it's not free at the Wharf. To more than double the hourly rate to \$9, which is proposed, will be considered price gouging by many that visit the Wharf and the city.

It's true that 45% of those who park in the Triangle use validations from the restaurants and the crab stands but that leaves 55% for those people that do not validate. There are many good reasons to come to the Wharf besides to dine and many visitors making a return trip to the Wharf will feel a bit ripped off when the parking attendant charges them \$9 an hour, up from the current \$4 an hour.

The hourly rate at Pier 39 is \$7 an hour. He asked why charge \$9 an hour. Why can't the Port Commission continue to control and set the rates just as was always done. He asked the Commission to consider an increase to \$2.50 per hour instead of the proposed \$3 per hour. This would put it at \$7.50 an hour, still above Pier 39. This is a reasonable increase and asked the Commission to consider that and to adopt that number.

Nunzio Alioto indicated that for edification, Jeff made a comment that the validation system, the same level of validation, will be the same. That is not correct. It is changing and that's just for edification. On the back page of D2, which they've just had an opportunity to take a look at, there are three types of validation. There's a 10:00 am to 6:00 pm two-hour validation and a 6:00 pm to midnight three-hour validation. Currently, it's three hours all day and night.

He pointed out that there's also another validation from 10:00am to midnight for one hour. Going over the list, he noticed two of their businesses Café 8 and Nonna Rose are part of the 10:00am to midnight one-hour validation. He does not know the difference between those operations and Sabella LaTorre's, which is under the column that allows a two-hour and three-hour validation.

In addition to those operations, he noticed that Nick's Lighthouse is omitted from the 10:00am to 6:00pm two-hour and 6:00pm to midnight three-hour validation, and he doesn't know the difference between that operation and Sabella LaTorre's and Nonna Rose and Café 8. He doesn't know if those are mistakes but he wanted to bring those to the Port's attention and hopes that those will be corrected.

Mark Gleason, Teamster 665, representing the workers on the Triangle Lot, indicated that they are in favor of this award. It's a good solution to a concern they had of where workers who have ten and twenty years of seniority were going to go. Central Parking is a company that can answer that question for them satisfactorily. There may be some displacement because of automation,





but they realize that with a workforce of ninety people certainly these workers are going to find a home somewhere if they're not on that Triangle Lot. He's also pretty confident at this point that most of those workers would be able to be retained right on that property under this formula. They think it's a good solution. He expressed his appreciation to the staff that have worked on this, Commissioners who have been concerned about it, and the general public who have also voiced some concerns for those workers. They are in favor of this proposal.

Commissioner Hardeman asked about a cancellation clause if the agreement and the guarantees fall apart.

Jeffrey Bauer replied that we can affect a lease. If they don't adhere to the customer service policy, it's a material default to the lease. We have the option to terminate the lease.

Commissioner Hardeman indicated that he does not want to terminate a lease but wanted to make sure the Port is covered.

Jeffrey Bauer added that as far as levels of validation, since there's no computerized tracking system one cannot correctly state how many cars are validated or how many actual customers. It's currently done on a cash basis. They don't take credit cards. So what's going to be key is that when we get the validation equipment it's going to track and encode and we're going to know which restaurants are being validated and how many customers are being parked there. That's a very important component of this new lease.

Commissioner Brandon asked about the difference between the one, two, and three-hour validations.

Jeffrey Bauer replied that his reading of the operating agreement is it's identical and we're going to provide the same level of validation that is currently happening. Typically, the restaurants receive two hours from 10:00 am until 6:00 pm, three hours from 6:00 pm to midnight, and then the crab stands would receive an hour from 10:00 am until midnight. If someone did not get included, we're happy to include them. If someone feels they're not in the right category, we're certainly willing to change that category. It's important to understand that the list has increased from eleven participants to over thirty participants of the Wharf merchants. We're happy to make those changes.

Commissioner Shakofsky thanked Port staff for their hard work and welcomed our new partner, Central Parking. We look forward to working with them.

**ACTION:** Commissioner Hardeman moved approval; Commissioner Brandon seconded the motion. All of the Commissioners were in favor. Resolution No. 10-04 was adopted.





Commissioner Stephanie Shakofsky left the meeting at 4:20 p.m.

- B. Informational presentation by the San Francisco Public Utilities Commission staff regarding its Sewer System Master Plan and Implementation Plan and the Pier 94 Backlands Site Alternative for the new Biosolids Digester Facility.

Brad Benson, Special Projects Manager, indicated that our sister agency, the San Francisco Public Utilities Commission, has been in the process of evaluating the city's wastewater infrastructure, particularly those areas of the system that are vulnerable to seismic activity. Karen Kubick, the Director of the Wastewater Capital Program, is managing PUC's public outreach and capital planning. Karen last appeared before the Port Commission to talk about the peaker plant project. Karen has all of the best capital projects in the city.

The Public Utilities Commission is undergoing a series of very similar workshops that Karen is leading and we're just opening the conversation today about the location of the biosolids facility. It's a component of the Southeast Treatment Plant. PUC has gone through a public outreach process to evaluate a number of sites around the city and they're down to two to look at, one of which would be the Pier 94 Backlands.

Karen Kubick thanked the Commission for acknowledging PUC Commissioner Jim Jefferson. Commissioner Jefferson was a mentor to many of them.

Ms. Kubick indicated that she just recently assumed this responsibility and they're looking at embarking on a very large capital program, upwards of \$5 billion. They're going through a series of workshops with their own commission. They have several new commissioners, educating them on the system and all of the challenges. They have some very old facilities, some seismically deficient facilities. They have flooding problems; lots of different issues to juggle.

One of their biggest capital projects is the biosolids facility. They are in the early planning stages on how they would be moving forward with this project. One of the things about the wastewater enterprise is they handle wastewater stormwater but they also handle the solids, and currently all of the solids that are treated are used for beneficial reuse outside the city in Solano and Sonoma Counties. Those are currently trucked. They're looking for a future that maybe will be a bit more sustainable.

The digesters are located at the Southeast Plant. They're bordered by Phelps, Evans, and adjacent to the railroad tracks. We're surrounded by a residential neighborhood. And actually, the residential neighborhood was there before we were there. The digesters were built in the '50s and the technology is actually from the 1940s. We have a lot of issues with structural integrity. You can see in the middle there's one circle there – those are the digesters, one



without a roof. That roof has actually collapsed. We're of the mind of being in great concern that other facilities out there could collapse or move if we did have an earthquake.

Odors have been an issue from this facility and maintenance has also been an issue. Technology has moved well past the digester design. Additionally, we're going to be required in the future to provide a higher level of treatment to continue having beneficial reuse. We're actually going to have an additional pasteurization process where we basically have a product that's pathogen-free, bacteria-free, that can then be used for other measures. We can actually produce pellets and use it for fertilizer locally. We're looking at potentially using 10% of what's locally produced at the facility. The product produced out of the city is approximately 80,000 tons per year.

We have begun the planning process and we're looking for an area that's 12 to 15 acres. Ideally it's contiguous land; operationally that will work the best. It involves the sludge handling that we've got now and it involves a drying facility so that we can reuse the product within San Francisco. There has recently been a zero waste resolution passed by the Mayor's Office and Board of Supervisors where we're now going to have to handle all waste within the city and county of San Francisco and export as little as possible.

The San Francisco Public Utilities Commission also has a huge interest in energy and bioenergy and looking at new ways of generating clean renewable energy. This facility has a byproduct of producing methane gas. We use that gas to produce power, and currently our facility has produced three megawatts of power.

We have been lucky enough to pull together a group of stakeholders, and many of them are also active at the Port: Espanola Jackson and Alex Lundsberg. We have a very good group of dedicated stakeholders who have been working with us for over a year. Most of our discussion has been about siting. Where are we going to put this? What's it going to be? What's the design going to be? What's the new technology? We meet once a month out at Southeast Plant and we talk through all of the different technical siting issues and emotional issues. We've gone on tours to look at other facilities and we have a dedicated group. We're trying to wrap the process up because some of them are actually getting a little tired of being in the group, to have a white paper that will guide us because we'll be selecting a consultant to help with design and planning and to move forward to environmental review.

Through the course of our meetings we've reviewed many, many different sites. We've looked at 17 different sites throughout the city. Many of them are on the East Side. We looked at the Mirant property. We looked at and evaluated various City properties, privately held properties, other wastewater property. Was it big enough? What was the soil condition? What will it be like in fifty years with climate change and global warming? What are we going to be seeing?





Several did not meet the size criterion and were not adjacent to each other, so they fell off the list quickly. Others we had to look at a little more. Oceanside Plant is an SFPUC facility but it's across the city. It's along the West Side and it would involve pumping the sludge up and over the hill and somewhat moving the zoo and part of the armory. So that site was scratched from the list. At Hunters Point Shipyard, there's an issue of contamination and other development plans for the sites that we were looking at. Candlestick Point State Recreation Area is one of the few open-space areas, recreating areas, and it is owned by the State.

The list was down to four sites, one site was reusing the southern part of the treatment plant where the digesters are currently located and looking at expanding to Central Shops and the asphalt plant. When you add those three parcels together it's about 15 acres. The asphalt plant is a new addition to the site. We looked at Pier 94, the Backlands, and that's a 15-acre parcel. That would be about a mile distance from the treatment plant. It would also require pumping through the neighborhood, sludge having return flows going back to the treatment plant.

We looked at sites that were adjacent to Islais Creek, the Bruce Flynn Pump Station, Caltrans parcels, and Islais Creek parcels A and B. There are a lot of businesses there. There are a lot of warehouses and local businesses. We would displace artists' businesses, the car-wrecking industries, etc. so it was not favorably reviewed by our digester task force. We've been using them as a sounding board throughout this siting process and we're still very much up in the air as to where this will be sited. The two preferred locations are reusing the south side of Southeast with the addition of Central Shops and the asphalt plant or the Pier 94 Backlands.

The Pier 94 Backlands was a site that was included in our evaluation because of neighborhood input. They wanted us to have a facility that considered moving the digesters off site so that they would be further removed from housing. We have been asked by our general manager to continue development of the two sites so that we can then have a joint session and discussion to see what the merits are of Pier 94 and what the other plans might be for Pier 94. Certainly, there are advantages to having the site located directly adjacent to Southeast Plant. If it were adjacent to Southeast Plant we'd be looking at having digesters set back along the railroad tracks to be as far away from residents as possible. At Pier 94 we're afforded a little bit more room potentially so we could have bioenergy, the drying facility, as well as a brand new state-of-the-art biosolids digester facility.

So these two sites are being moved along as we're doing our preliminary planning work. However, if we remain adjacent to our existing wastewater plant, it will be a \$900 million project. If we're looking at relocating to Pier 94 with a brand new facility, it's approximately twice that cost. Part of that is the soil condition, part of it is the distance, and part of it is existing infrastructure and benefits we have by being adjacent to Southeast. However, you've got



one site for a wonderful new facility that could potentially be a real asset to the City and County of San Francisco.

Additional challenges with the Pier 94 site are the State Lands Trust issues, which she got a taste of during the combustion turbo process. It would be challenging. We would have to swap the State Lands Trust from the Port property onto a parcel of San Francisco Public Utilities property and engage in an agreement where we could purchase or have some type of long-term use agreement of Port property to be able to have some level of site control. Then there's Port's plan. There have been improvements made to the site and lease agreements that have been put into place and, of course, the public support as well.

The digester task force around these two sites, there were almost physical altercations between a few people because some feel strongly the digesters should move and others equally strongly feel that this additional difference in cost could be put to a much greater use and greater benefit for the neighborhood to make other things happen such jobs, training, internships, a sustainable facility that could be durable, and something that could be integrated into the neighborhood.

We wanted to come down the street to talk with the Port Commission to tell you where we are and where we're going. We're in a very preliminary planning phase, working through Public Utilities Commission process to complete a series of workshops. They will establish a level of service goal for pretty much everything – seismic, pollutants to the Bay, water quality, reliability, etc. We have about nine different things. we've got a long road ahead of us at our commission to work through many, many different issues and set objectives and goals.

This project is one of our most important. Our facility is failing. We can't meet the quality we need to, so it is going to have to find a home and it is part of our infrastructure within the City and County of San Francisco. We're looking at moving forward with planning. We will probably have additional meetings at a staff level to keep everyone informed and if Pier 94 was going to be carried forward we would need to have both agencies concurring, because Director Harrington is very interested in the Port's interests and that we, as sister agencies, have a peaceful and amicable relationship.

At best, the environmental review would begin this summer. Lately, environmental reviews take about four years for this type of project. It's going to be a long push to get this project done. Meanwhile, the neighbors are saying, "When is it going to be done?" They worry they're going to outlive the process of getting this project done. It's a long road to get this project in.

This is an informational presentation of one of the projects they're working on at PUC. She enjoyed working with Port staff particularly Brad Benson, John Mundy, David Beaupre and Monique Moyer.





Commissioner Hardeman commented that when Ms. Kubick talked about the Oceanview Plant, he recalled when it was about two-thirds complete and there was a little train that ran in there. They were drilling a massive hole which was probably about 25 or 30 feet in diameter. They allowed them to go in there and the closer they got to it, the earth was moving and dust was flying everywhere. They wondered why they were in there and it was quite a memory. Jim was a fantastic athlete as a young man. He played for Southern University against Grambling in football. Two of the most famous players who ever played football are Curley Culp and Buck Buchanan, defensive linemen for the Kansas City Chiefs. Jim's worst memories in life were having to play against those guys. He was quite a guy.

Karen Kubick commented that he was a really wonderful person.

Commissioner Brandon indicated that she has a lot of questions. Ms. Kubick provided a lot of information and she appreciates her coming today to share it with the Commission. She's a little concerned about how far they've gone in the process and they're just coming to share this with the Port. It seems that they're having workshops for their commission to understand what their job is as PUC Commissioners, which is not the Port Commissioners' expertise. We need a lot more education on what it is they're trying to do and how they're trying to do it. Are they proposing to move the current facility or expand it?

Ms. Kubick replied that they are going to build an entire new facility at either location. It would be the same capacity. The same amount of biosolids is coming in but it would be a brand new state-of-the-art facility, no floating roofs, and avoid a lot of the maintenance problems.

Commissioner Brandon asked what would happen to the existing property if they were to move the facility to Pier 94.

Ms. Kubick replied that they would look to redevelop that within the neighborhood. It would be something that would be a future opportunity to have a park, a farmers market, or something else to be developed potentially in the neighborhood.

Commissioner Brandon asked if there would be no biosolids.

Ms. Kubick replied no; the biosolids facility would be remotely located. At the biosolids facility, there would be sludge handling, power production, and a bioenergy facility. There have been discussions on the other city waste streams, like food waste and FOG, which is the trapped grease from all of the different restaurants. Those could possibly be co-digested in the facility that we build. That would be the case if it were located by Southeast or at Pier 94.

Commissioner Brandon asked if the only way for them to build this facility is if it would be in one place.





Ms. Kubick replied that it would be in one place or in contiguous parcels that's why the Central Shops, asphalt plants, south side of Southeast are nice alternatives as well, because those are just an L and then on the other side we've got the train tracks. It buffers in that industrial area. Across the train tracks is the produce market.

Commissioner Brandon asked if they looked at the seventeen sites because they were just going through the exercise knowing they wouldn't work.

Ms. Kubick replied that they looked at the seventeen sites because they were trying to look at every single parcel that could be feasible that the City owned or that might be going out of private ownership. They looked at Mirant, hoping that some of that might one day be available. They had to look at something that they could actually get site control of so that they can move forward.

Commissioner Brandon asked if there are other sites available but they, at this point, cannot get control of.

Ms. Kubick replied affirmatively. There are two sites along Islais Creek that were ruled out because of all the other businesses and the different usage. Many of them have other things occurring on the sites that just didn't make them carry through. Those were the last two that were dropped, the Caltrans parcels.

Commissioner Brandon asked when they were going through this planning process did they talk to anyone at the Port to find out what our plans for the backlands area were and the planning process that we had gone through.

Ms. Kubick replied that they were lucky enough to talk with the Port and to hear about the plans and the improvements that have been made, and the path that they're taking.

If that was the case, Commissioner Brandon asked why our site wasn't dropped, as all the other sites were.

Ms. Kubick replied that it's a neat site because it's one large parcel and it's in an industrial park. Darling International and a lot of similar neighbors are already on that site.

Commissioner Brandon asked of the 80,000 tons of production, will it have a maritime component or will it be shipped?

Ms. Kubick replied that they would want to reuse as much as they can within the city but it would be limited at best. That's the reason why she mentioned earlier that the State Lands Trust would not be consistent with the maritime use at that location for this purpose.



Commissioner Brandon indicated that she's trying to get a feel for why the PUC always comes to the Port in the Southeast sector with these wonderful endeavors.

Ms. Kubick replied that the Port has such wonderful real estate. It's zoned properly and it's in a great proximity to the other facilities.

Commissioner Brandon indicated that real estate all across the city was zoned the same way and we've been able to do better things with that property. She would appreciate it if she could come and educate the Port Commission a little more on what they're doing and what benefit it would be to be on Port property.

Ms. Kubick asked if the Commission would appreciate a technical process, wherein they could walk the Commission through the process.

Commissioner Brandon replied that she would want to know the process they went through such as who the members of the task force are, what they looked at, how they chose which sites to drop off the list and which sites to keep, why, and what benefit it would be to the Port to have a biosolid facility.

Ms. Kubick replied that they could do that either through correspondence or a subsequent presentation. She will be more than happy to do that. The report attached to the agenda has some of that information but they could go into more depth.

Commissioner Brandon indicated that the report doesn't have a lot of details.

As far as the task force is concerned, Commissioner Brandon indicated that it doesn't say what the task force did, how they came to the conclusion that they did, and what exactly the PUC wants to do on Port property.

Ms. Moyer asked Commissioner Brandon if she would want to do a workshop that the public could attend or if she's okay with a memo as a starting point.

Commissioner Brandon replied that a memo will do for now.

Brad Benson clarified from the discussion about the two potential locations for a biosolids facility that even if they move the biosolids use from the current Southeast Treatment Plant there are other portions of the treatment facility that would remain at that location.

Commissioner Brandon indicated that was a little misleading because Ms. Kubick mentioned otherwise.

Brad Benson indicated that it's just those tanks.





Commissioner Brandon indicated that it's just an expansion of the facility and that's why they need more education and information on this project.

Ms. Kubick indicated that the part that would be removed from service is actually the part that Brad just pointed out. It's the area with the circles. Those are the digesters, at the south side of Southeast Plant. The crosshatched yellow area is the full footprint of Southeast Plant; that would remain.

Commissioner Brandon asked what would continue to remain in the community. Karen Kubick replied that everything north of Jerrold Street.

Commissioner Brandon asked what kinds of operations would remain in the facility. Karen Kubick replied all the liquid side, the wet side of the processes. They would be moving the solids, pumping the solids to the other facility, and treating them.

Commissioner Brandon asked if it's basically an expansion of the existing site in the community. Ms. Kubick keeps saying it's not an expansion. She understands that solids are different from liquids but it's the same type of industry! Karen Kubick replied that it's an upgrade.

Commissioner Brandon replied that it's an upgrade of the same thing. Karen Kubick indicated that they would be removing an old portion of the plant that treats solids and building a brand new state-of-the-art improvement enhancement to the solids.

Commissioner Brandon indicated that the community should be jumping up and down. She looks forward to receiving the memorandum.

Brad Benson indicated that from Port staff's perspective, we've talked about this with PUC staff as the first of a number of presentations to the Port Commission. There is an understanding between the two staffs that if the PUC were to select or recommend to the Public Utilities Commission selecting the Pier 94 site there would need to be concurrence by the Port Commission and that they would come affirmatively for your decision about that land use of Port property.

Commissioner Brandon indicated that they would also need to know how it is going to affect the current tenants and current leasing and the other issues that were brought up in the staff report. Those are valid issues and would affect all of them.

Brad Benson indicated that information would be part of the presentation to the Commission and the public before any recommendations were made.

Commissioner Brandon indicated that the last she heard about this, the PUC was looking at building the site on their existing site or the site over by Islais Creek, and the Port had just been knocked off the list. She was a little



surprised when the presentation came forward where they're still looking at Pier 94. She doesn't know if it could be a great option. She needs a little more education, and she appreciates Ms. Kubick's presentation today.

Joe Boss indicated that notwithstanding the Port staff and managers and project managers and so forth, Karen Kubick is absolutely one of the best project managers he's ever worked with. She doesn't choose sides. She delivers coordinated information. He's never known her to not take a comment and really think about it.

Commissioner Brandon indicated that she did a great job.

Joe Boss indicated that he was thrilled to hear that she had been assigned to this project because it's going to be a tough one. Joe Boss reported that Cal ISO today agree to remove the RMR contract from the entire Mirant plant, which gives a 25% increase in value to Pier 70 development. It's not a totally done deal, but it's looking good.

- C. Request approval of second amendment and mutual termination agreement for Lease No. 12782 between the Port and Blue and Gold Fleet, LP, for lease premises located at Pier 9 on the Embarcadero at the foot of Broadway Street. (Resolution No. 10-03)

Jerry Romani, Port Real Estate Division, indicated that the purpose of the second amendment to lease and mutual termination agreement is to correct the area of the lease premises that was reduced by the deletion of the entire 4,990 sq. ft. apron area that was red-tagged in March 2009. Along with the reduction of the leased premises, the monthly rent also needs to be adjusted accordingly. The red-tag notification from the Port was a two-stage process wherein the Port notified Blue and Gold Fleet on March 9, 2009 that the westerly 93 feet of their apron area was unsafe to occupy. On March 25, 2009 they notified the Blue and Gold Fleet that the balance of the apron area was also unsafe to occupy.

As stated in the amended rent schedule contained in the memorandum that was provided to the Commission as well as in the second amendment to lease and the mutual termination agreement, the current monthly rent of \$10,072.81 is reduced to \$9,343.62 for the period March 9 through March 24, 2009 and further reduced to \$8,817.32 for the period of March 25 through August 31, 2009. This reduction addresses the partial and entire deletion of the 4,990 sq. ft. of apron area.

On September 1, 2009 the monthly rent was increased to \$9,211.92 to account for an annual CPI adjustment. Upon adoption of the proposed resolution for approval of the second amendment to lease and mutual termination agreement, the monthly rent will be increased to \$11,358.96, which brings the rent per square foot in line with shed rental rates negotiated by the Maritime Division at Pier 9.





ACTION: Commissioner Lazarus moved approval; Commissioner Brandon seconded the motion. All of the Commissioners were in favor. Resolution No. 10-03 was adopted.

## 10. MARITIME

### A. Informational presentation on Proposed Maritime Excursion Lease Renewal Policy.

Peter Dailey, Deputy Director of Maritime, indicated that two of the Port's primary missions are to foster maritime activity and to encourage public use and enjoyment of our waterfront. He goes around the country selling Northern Waterfront to cruise lines on a regular basis, telling them what a beautiful area it is and all the attractions that are here. Millions of visitors visit San Francisco throughout the year, walking, taking pictures in front of the Ferry Building, and enjoying the Bay. It's a marvelous place to work and to visit.

The Port of San Francisco is not the largest cargo port in California anymore but we are the largest people port in California. More people get on and off boats and ships in San Francisco at our port than any other port in California and probably on the West Coast. We're pretty proud of that. Our excursion business is an important part of our maritime business portfolio. From time to time the Port receives inquiries from current maritime excursion tenants for additional benefits from the Port in the form of extended leases, more leasehold space, changed use, or other amendments to their leases.

The Port Real Estate, Planning and Maritime Divisions drafted the Maritime Excursion Lease Renewal Policy. It's intended to ensure that current maritime excursion leases are equitably administered, are fairly valued, generate revenues to the Port and its business partners, and serve San Francisco residents and visitors. Through this Maritime Excursion Lease Renewal Policy, the Port is committed to maximizing the use of existing maritime excursion vessel facilities and realizing financial and other benefit to the Port's portfolio.

The policy outlines conditions for consideration for a lease renewal. These include but are not limited to:

1. The Port will consider proposals to renew maritime excursion leases that include term extensions only within the final three years of a current lease or in the event that a tenant proposes tenant-financed, maritime use improvements such as structural or life safety improvements to Port facilities that cannot be amortized within the existing lease term.
2. The Port will not consider modifications to use provisions for a current lease, including expansion of retail use. The Port will only entertain a



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THE ANTHROPOLOGY OF THE FUTURE is a subject which has of late years attracted much of the public attention. It is a subject which has been discussed in many of our newspapers and magazines, and it is one which has been the subject of many of our lectures and discussions. It is a subject which has been the subject of much of our research, and it is one which has been the subject of much of our speculation. It is a subject which has been the subject of much of our interest, and it is one which has been the subject of much of our hope.

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change of use at the maritime excursion facility as a part of a formal solicitation, like an RFP or for a new lease on the subject site.

3. The Port reserves the right to approve in its discretion the use of any specific Port location for excursion service.
4. The tenant must be a tenant in good standing according to Port policy.
5. Any proposed capital improvements will be completed at the tenant's expense.
6. The tenant must have enough money and have good finances to undertake and complete the proposed improvements.
7. Any lease renewal will be reviewed and approved individually by the Port Commission.

This does not circumvent bringing a lease to the Commission for their review, and to the Board of Supervisors if required.

The second part of this policy is the Obligations of Renewed Leases. These include but are not limited to

1. The tenant must be the excursion operator. Any sub-tenants will be reviewed and approved by the Port in its discretion.
2. Market rent will be established at the execution of the renewed lease based on available industry comparables and site history.
3. The Port will charge a participation rent on all concession revenues.
4. The Port will charge a participation rent on all retail sales including subtenant sales.
5. The tenant will disclose all gross revenues and grant the Port the right to conduct audits.
6. The Port will participate in proceeds from the sale, transfer, assignment and refinancing of leaseholds. The Port will retain the right to approve all ownership in capital changes.
7. The tenant will adhere to CEQA and cooperate fully with the Port's Planning Department on CEQA compliance.
8. The tenant will comply with all other laws including, without limitation, current San Francisco City laws and regulations.

The last component of this policy is Consideration of Area Design, Planning and Other Factors. The Port may elect not to renew a lease at the given



location due to then-existing area conditions affecting its use. Such instances include but are not limited to:

1. Water Emergency Transit Agency ferry service and maintenance locations
2. National Park Service excursion plans
3. Water taxi landing sites
4. Pending design of public improvements to the Jefferson Street public realm
5. Proposed Clean and Safe Parks Bond projects
6. The New Pier 27 Cruise Terminal
7. Other Projects as they arise before the Port Commission

The policy has been delivered to our tenants. Port staff will meet with the Maritime Commerce Advisory Committee on Thursday, January 21, 2010, to discuss the policy. We are going to invite our excursion tenants, current excursion tenants to that meeting to discuss the policy in detail. We will outreach to all our excursion tenants to discuss this policy further. We plan to come back to the Port Commission in February for approval.

Taylor Stafford, President of Blue and Gold Fleet, indicated that he just received the policy yesterday and he has some questions about the lease at Pier 41, and wanted to raise those questions here. How does the policy differentiate between maritime business leases and maritime excursion leases? Blue and Gold holds a maritime business lease at Pier 41 and that's not defined in the policy, so he's not sure how that's governed. What is the goal of the new policy? It states that the Port is "committed to maximizing the use of existing maritime excursion vessel facilities and realizing financial and other benefits to the Port's portfolio." If the goal is to maximize excursion opportunities, why enact a policy that actually limits a maritime tenant's ability to propose new or expanded or improved projects? Shouldn't the Port's policy be to encourage or broaden those opportunities, if you're really trying to promote maritime? It is the Port's existing general policy to promote maritime activity. How does this new more restrictive policy conform to that general policy? Why does the Port maritime excursion lease renewal policy only mention the Northern Waterfront? Won't this likely balkanize the Port policy in that it could unfairly apply to only a few Port tenants or parties? He's not sure how many tenants this policy really applies to but his count is three, so why have a policy that only deals with three lessees?

There's a footnote on Page 1 that states that the expansion of an existing maritime use will only be considered by the Port as part of an RFP. If Blue and Gold wants to expand Pier 41 to accommodate additional vessels from WETA or additional service, the Port cannot negotiate this request under this new policy, as he reads it, without going to RFP or obtaining a waiver from





the Executive Director. It seems contrary to the spirit of maximizing maritime opportunity.

Allowing land leases to approach their expiration date because you can't request under the policy an extension until the third year before the expiration and enacting policies that make extensions more difficult clearly creates an environment that incentivizes tenants to not do important maintenance to assets that are ultimately going to reside with the Port. This is obviously contrary to the Port's long-term interests. It allows for a full-service restaurant, not of maritime use, with Port approval. He doesn't know how that dovetails with this new policy.

There are many unanswered questions within the policy. These are just a few. He requested that the Commission pull it from the calendar for February 9 and allow them to have a roundtable discussion with the Port, as Peter alluded to. He'd like that to happen before the Port considers the item.

Joe Burgard, Red and White Fleet Vice President of Operations, indicated that in general they support the broader intent of having a level playing field when it comes to leases and the maritime excursion business. As Taylor mentioned earlier, this policy came out yesterday and it's calendared for February. It seems sort of quick action for them. There seems to be some other underlying intents or goals of this that aren't entirely explicit and they'd like the opportunity to discuss that with Port staff and become more clear on what their ultimate goal is with a number of the items on the list.

Richard Jacobs, Vice President and General Counsel at Hornblower, indicated that it's to them why this is being proposed and they'd appreciate clarification from the staff on that point. They don't understand the goal of it, why it's being proposed now, exactly who it impacts, and what it means.

As Mr. Stafford noted, it does appear to affect three particular Port tenants who operate ferry excursions – Blue and Gold, Red and White, and Hornblower. None of those entities were contacted in advance as staff developed this draft. It seems to them that whenever a policy like this is proposed, there ought to be prior consultation with the tenants who would be significantly affected.

The policy also raises even more questions than Mr. Stafford raised. He will add just a few and indicate why they think this policy is vague and still needs a lot of work. Why does it apply only to marine excursion leases? Why not all Port leases? What's the staff's intent in a policy that applies to only such a limited group of lessees? It seems to them to undercut the Port's efforts to work cooperatively with the National Park Service in finding a permanent Alcatraz embarkation point. Instead, in Section A3, it states that the Port has sole discretion over that issue. Did the staff give the Park Service this policy in advance and ask for their input? What does the good standing portion of the policy mean? Does this mean that a tenant who disagrees with the Port's



interpretation of the lease in any way is automatically disqualified from lease renewals altogether? Does the policy apply to the fishing boat lessees at Pier 45 who periodically run Bay cruises? That's not clear. Were they consulted? Does it apply to the Golden Gate Bridge District and its ferry operations? If so, were they also consulted in the development of the policy? There's a specification that the Port will participate in proceeds from refinancing of leaseholds and it will retain the right to approve all ownership and capital changes. He thinks that's going to create a morass and a terrible workload on the staff. Is the staff proposing that the Port should share in a tenant's reduction of loan-carrying cost if a loan is refinanced? That's what it seems to say to him, and he questions whether it's staff's intent to be involved in internal corporate refinancing issues. The specification that the policy doesn't apply to RFPs or ENAs will significantly disadvantage current Port tenants, since the Port would then be free to negotiate new leases with new tenants with none of the policy restrictions. Does staff really want to undercut all of the current tenants of the Port? Finally, it seems that this is a policy in name only. Although the cover memo says it's designed to ensure clarity, equity and consistency the policy itself then says it sets internal guidelines only and that it doesn't restrict the Executive Director's authority to make any decision determined to be in the best interest of the Port. It also says the Commission itself would reserve the right in its sole discretion to modify or waive any portion of it. To them, the policy doesn't, therefore, ensure clarity, equity and consistency. This policy is a long way from being in the shape the Commission should actually adopt. He hopes that the Commission take all these comments into consideration if they decide to move forward. much.

Monique Moyer indicated that she was offended by the implications of nefarious dealings and wanted to clarify that. As the Port Commission knows, the Port has several policies, one of which is the tenant-in-good-standing policy. Maybe not all of our tenants are aware, but that is a policy that we have. We also have a historic vessel policy. We also have a retail leasing policy. We have any number of policies. Since she's been the Executive Director, the policies are developed by Port Staff and shared first and foremost with the Commission and then taken back to the public as we propose.

We have never brought a policy back to the Commission for action until we have satisfied our discussions with the community, so if the February 9 meeting is too soon she assured them that we won't bring this back to the Commission.

She noted that there are other ports that have such policies and they allow only a one-year timeline. This is really not a change in the way the Port does business. It's intended to make it more transparent.

Mr. Stafford brought up a number of issues, as did Mr. Jacobs, that are warranted and she looks forward to the discussion on them going forward. There is not an underlying objective from the Port other than what is stated in





the staff report, and she hopes they will take that into consideration as they go forward. She wanted to be very clear, if a tenant wants to do something new and different with their lease, they can. This is simply a way for the current tenants to continue to operate under their current operations, which is something that most of our tenants seem to want. We didn't have a formalized way of doing that for the maritime excursion tenants before, the way we do for our retail tenants. We're hoping that it brings parity to that and not the opposite. If that's not the case, we're happy to work with the ferry operators. The point about it being Northern Waterfront centric was a good one, and that is not intended.

Peter Dailey indicated that the Port's intention as the Executive Director mentioned is we write the policy, we discuss it internally. We bring it to the Commission and get public comment. We have venues where the public can sit down with Port staff and work towards our mission. He concurs with Monique's point that there is nothing underhanded; there's no hidden agenda with this policy. We have policies for our retail leasing policy for restaurants. We don't have one for maritime excursions. Maritime leases generally are not required to go through an RFP, as opposed to other leases at the Port. It's a unique exemption that maritime leases have that non-maritime leases don't have.

In light of that, it's more in order to be as up front and transparent as possible to have this policy in place but at the same time, we realize these are good tenants. They're good people that we work with and we want to work with them to make it as equitable and fair, as Joe mentioned, going forward. They have his word and the staff's word that we will bend over backwards to assist and discuss with our tenants in a collaborative way and come back to the Commission with a more polished policy that meets the Port's needs.

Commissioner Lazarus added that in her tenure at the Port, which coincides with Executive Director Moyer's, one of the hallmarks has been an attempt to put policies in place so that when situations arise there are guidelines that everybody can look to, everybody inside and out. We've accomplished a great number of those, and to the extent that we continue to find areas that aren't governed by policies that would result in equitable decisions then it's important to have them. It certainly sounds like there will be a process in place to arrive at one that makes sense for everybody.

Monique Moyer thanked Commissioner Lazarus for her comments. We have many more sectors of our users for whom we're working on policies, but we're going by import.

Susan Reynolds, Deputy Director of Real Estate, added that the three businesses that spoke should understand we're trying to protect those types of businesses and protect our maritime assets so that we don't have potential tenants coming into a maritime facility and turning it into something else. This is an attempt to look at those businesses that we have and promote those





businesses and protect our maritime assets so that we're not subject to somebody coming in and buying a lease that might be maritime and turning it into a retail opportunity and we end up having an M&M museum where we want a maritime facility. The intent is maybe opposite what they're interpreting, and if we haven't done a good job of implementing those protections then we do need to go back to the table and tighten up the screws a little bit and make sure that it is what we want it to be.

Commissioner Fong thanked staff for offering to meet with the tenants. He understands that February 9<sup>th</sup> feels like a compressed timeline. He'd like to hear back from both sides after they've had a chance to talk about it and go through some of the questions in more detail.

Commissioner Brandon looks forward to comments from the MCAC.

## 11. ENGINEERING

A. Informational presentation on the proposed revisions to the Port's Building Code: Administrative Modifications and Corrections to Chapter 1, Stormwater Design Guidelines, Dust Control Provisions and Floodplain Management Provisions.

John Aires, Senior Building Inspector, provided the Commission information on the proposed February 2010 edition of the 2008 Port Building Code. On January 1, 2008 the 2008 Port Building Code was adopted. Subsequent to that adoption, federal and city agencies and the Port Commission have determined additional controls are required to safeguard Port properties from natural elements with a potential for adverse effects to the atmosphere and the bay and ocean waters. In order to administer these controls, the 2008 PBC, or Port Building Code, needs to be revised to provide the regulatory authority and design requirements necessary to enforce standards of construction for environmental protection and management derived from new city ordinances for floodplain management, dust control, and stormwater control and the Federal Clean Water Act.

The current 2008 Port Building Code adopts the California Building Standards Commission's model codes with local amendments, and they incorporate our administrative regulations. The California Building Standards Commission provides continuous upgrades to the model codes through supplemental regulations and corrections of errata that are essential to ensure the building codes are not static, that they remain viable living documents, to keep pace with a consistently changing construction industry. Generally, the upgrades from the State are limited to construction methods, standards and materials. Administrative aspects are left to the local authorities having jurisdiction. Changes to the local administrative provisions are necessary to assure that the codes can be administered effectively to best serve the community and public interest while granting the authority to protect the environment and provide for adequate protection in areas of public health, safety and welfare.



The proposed February 2010 edition of the 2008 Port Building Code contains revisions, corrections of errata, and upgrades that will improve and clarify the administrative provisions of the Port Code. They incorporate provisions for environmental protection and management that mirrors San Francisco ordinance for dust control and stormwater control. Provisions for stormwater control are necessary to ensure compliance with the Clean Water Act permit administered by the Port and the San Francisco Public Utilities Commission. Provisions for dust control are necessary to protect public health and ensure consistency with the requirements for other city construction projects.

The revisions also incorporate provisions for floodplain management that are derived from the City and County of San Francisco Floodplain Management Ordinance, which provides the Port with regulatory authority, internal floodplain maps, and permits of variances from requirements for new construction and substantial improvements of existing facilities identified in the floodplain areas.

There are no funding requirements for this process. Engineering staff plans to maintain an updated copy of the 2008 Port Building Code, February 2010 edition, on the Port's Internet Web site. Copies will be available at the Engineering Building permit desk. We're schedule to post notification of the Port's intent to adopt the February 2010 edition and copies of the code on the Internet under Permit Services at the Port's Web site. We'll have copies of the code available at the Port's Engineering Building permit desk for the public to review and make comments on. In addition, we'll have an advertisement posted in the San Francisco Examiner from January 15 to February 15, 2010 to notify the public that they can see these codes online or come in and see them at the permit desk.

We're going to seek the Commission's authorization to adopt the February 2010 edition of the Port Building Code at the February 23, 2009 Commission meeting. State laws require that any local amendments to the code that differ or vary or are reasonably necessary or more restrictive than the model codes have to be filed with the State before they can be enforced, so when we ask the Commission to adopt the 2010 edition of the code we'll also ask for them to let us file the findings with the State Commission. We will be asking to have an effective date for the code of March 3, 2010.

The adoption of the 2010 edition of the code will provide the authority and regulations necessary to protect the environment in a manner consistent with the federal and city requirements while being particular to the Port's specific local climatic, geographic or topographical conditions and it will improve the administrative aspects through editorial corrections and simplified regulations for permit process.





## **12. NEW BUSINESS**

Monique Moyer indicated that besides what we talked about earlier, i.e. follow-up on the sewer treatment plant issue and working with the community on the maritime excursion lease renewal policy, she asked if the Commission has any other new business that they'd like staff to pursue. The Commission did not have any other new business.

## **13. PUBLIC COMMENT**

## **14. ADJOURNMENT**

ACTION: Commissioner Hardeman moved approval to adjourn the meeting in memory of former Public Utilities Commissioner Jim Jefferson; Commissioner Lazarus seconded the motion. All of the Commissioners were in favor.

Commission President Fong adjourned the meeting at 5:15 p.m.



# SAN FRANCISCO PORT COMMISSION

Rodney Fong, President  
Stephanie Shakofsky, Vice President  
Kimberly Brandon, Commissioner  
Michael Hardeman, Commissioner  
Ann Lazarus, Commissioner

Monique Moyer, Executive Director      Amy Quesada, Commission Secretary  
Phone: 415-274-0400; Fax: 415-274-0412      Phone: 415-274-0406; Fax: 415-274-0412

## AGENDA

TUESDAY, FEBRUARY 9, 2010

2:00 P.M. CLOSED SESSION - CANCELLED

3:15 P.M. OPEN SESSION

PORT COMMISSION HEARING ROOM, SECOND FLOOR  
FERRY BUILDING, SAN FRANCISCO, CA 94111

PLEASE NOTE THE TIME OF THE MEETING

*The Port Commission Agenda as well as Staff Reports/Explanatory Documents available to the public and provided to the Commission are posted on the Port's Website at [www.sfport.com](http://www.sfport.com). The agenda packet is also available at the Pier 1 Reception Desk.*

*If any materials related to an item on this agenda have been distributed to the Port Commission after distribution of the agenda packet, those materials are available for public inspection at the Port Commission Secretary's office located at Pier 1 during normal office hours.*

1. CALL TO ORDER / ROLL CALL
2. APPROVAL OF MINUTES - January 12, 2010
3. ANNOUNCEMENTS

02-05-10P01:28 RCVD

A. **Announcement of Prohibition of Sound Producing Devices During the Meeting**

Please be advised that the ringing of and use of cell phones, pagers, and similar sound-producing electronic devices are prohibited at this meeting. Please be advised that the Chair may order the removal from the meeting room of any person(s) responsible for the ringing or use of a cell phone, pager, or other similar sound-producing electronic device.

GOVERNMENT  
DOCUMENTS DEPT



**B. Announcement of Time Allotment For Public Comments**

Please be advised that a member of the public has up to three minutes to make pertinent public comments on each agenda item unless the Port Commission adopts a shorter period on any item.

**4. EXECUTIVE**

**A. Executive Director's Report**

- AB 1199 Infrastructure Financing Districts
- Sewer System Master Plan Workshops and Rain Barrels
- Ocean Film Festival – February 3 to 7, 2010
- U.S. Secretary of Transportation Port "Roundtable" in San Diego – February 4 to 5, 2010
- Pier 15 Water Line Break
- Issuance of \$36.65 million, Revenue Bonds, Series 2010
- Coin machines for Haiti Relief at the Port of San Francisco Pier 1 lobby

**5. CONSENT**

- A. Request approval to assign Lease No. L-13395 from RMC Pacific Materials, Inc. to CEMEX Construction Materials Pacific, LLC (concrete batching plant at Pier 92). (Resolution No. 10-06)

**6. FINANCE AND ADMINISTRATION**

- A. Informational presentation on the Port's Biennial Operating Budget for Fiscal Years 2010-11 and 2011-12.
- B. Informational presentation on the Port's Proposed \$38.5 Million Biennial Capital Project Budget Funding for Fiscal Years 2010-11 and 2011-12.
- C. Informational presentation regarding the annual update to the Port's 10-Year Capital Plan for Fiscal Years 2011-20.

**7. ENGINEERING**

- A. Informational update on the Port's 2008 Clean and Safe Neighborhood Parks General Obligation Bond Capital Program.
- B. Informational update on the Port's 2008 Clean and Safe Neighborhood Parks General Obligation Bond Capital Program - Pier 43 Bay Trail Link.

**8. NEW BUSINESS**





## **9. PUBLIC COMMENT**

Public comment is permitted on any matter within Port jurisdiction and is not limited to agenda items. Public comment on non-agenda items may be raised during New Business/Public Comment. A member of the public has up to three minutes to make pertinent public comments before action is taken on any agenda item and during the new business/public comment period. It is strongly recommended that public comments be submitted in writing so they can be distributed to the Commissioners for their review. Please fill out a speaker card and hand it to the Commission Secretary. If you have any question regarding the agenda, please contact the Commission Secretary at 274-0406.

## **10. ADJOURNMENT**



## **FORWARD CALENDAR (Targeted Commission meeting, subject to change)**

- Request approval of the Port's Biennial Operating Budget for Fiscal Years 2010-11 and 2011-12 (February 23, 2010)
- Request approval of the Port's Biennial Capital Project Budget Funding for Fiscal Years 2010-11 and 2011-12 (February 23, 2010)
- Request approval of the Port's 10-Year Capital Plan for Fiscal Years 2011-20 (February 23, 2010)
- Request adoption of the proposed revisions to the Port's Building Code: Administrative Modifications and Corrections to Chapter 1, Stormwater Design Guidelines, Dust Control Provisions and Floodplain Management Provisions (February 23, 2010)
- Request approval of the installation of a commemorative sidewalk medallion in The Embarcadero Promenade, adjacent to Pier 9, near Vallejo Street, in honor of the 150<sup>th</sup> anniversary of the Japanese vessel KANRIN MARU to the Port of Francisco. (February 23, 2010)
- Request authorization to approve concept design for the Mission Bay Shoreline Protection for Bayfront Park Project (February 23, 2010)
- Informational presentation on the public comments received on the Pier 70 Draft Preferred Master Plan and on the development solicitation process (March 9, 2010)
- Informational presentation of PG&E's sediment contamination survey for the marine area off of the Potrero Power Plant (March 9, 2010)
- Request adoption of the Port's Maritime Excursion Lease Renewal Policy (March 9, 2010)
- Request approval of Lease No. L-14630 with D & G Company, LLC, for a fifteen and one half-year (plus five-year extension option) restaurant lease for premises located at 300 Jefferson Street subject to Port Commission and Board of Supervisors' approval, and companion Sidewalk Encroachment License No. 14651 (March 9, 2010)
- Request approval of Lease No. L-14752 with Harbor Bay Maritime, Inc. for an 18-month term at below Port Commission approved Rent Parameters for Premises located at Pier 48 South Apron and adjacent Submerged Land (March 9, 2010)
- Request approval of the Concept Design for Mission Bay Parks P23 and P24 located on Port lands along Terry Francois Boulevard (March 9, 2010)
- Request authorization to award Construction Contract No. 2736, Marine Structural Project II, for repairs of the Hyde Street Harbor Fuel Dock Substructure and the Ferry Building North Public Plaza (March 9, 2010)
- Request authorization to advertise for competitive bids for Construction Contract No. 2732, Mission Bay Shoreline Protection for Bayfront Park Project (March 9, 2010)
- Informational presentation on the Port's environmental investigation of the Pier 70 Master Plan area (March 23, 2010)
- Request authorization to enter into an Exclusive Negotiation Agreement with Seawall Lot 337 Associates, LLC to explore a mixed-use development project at SWL 337 and Pier 48 (March 23, 2010)





- Request approval of Lease No. L-14814 with Andre-Boudin Bakeries, Inc., a California Corporation, for a five-year restaurant lease for premises located at 2890 Taylor Street (April 13, 2010)
- Request authorization to issue a development solicitation for the Pier 70 Project (April 13, 2010)
- Informational Update on Retail Leasing Policy (Date to be determined)
- Request approval of the conceptual design for the Heron's Head Park Entrance Expansion/Improvement Project (Date to be determined)
- Request approval of the Port's Interim Leasing Policy for Historic Structures (Date to be determined)
- Request approval of a one-year interim license agreement, and approval to seek Board of Supervisor approval of a 66-year lease/easement agreement and a 66-year right to use permit/agreement, between the Port and Peninsula Corridor Joint Powers Board, for use of property located along Seventh Street in the Mission Bay Redevelopment Area to support existing passenger rail uses for public purposes (Date to be determined)
- Request authorization to enter into a Memorandum of Understanding with the San Francisco Municipal Transportation Agency for the Port of San Francisco to relinquish its rights to cargo freight rail service north of Cesar Chavez along Illinois Street (Date to be determined)



**COMMUNICATIONS TO THE PORT COMMISSION FROM JANUARY 8, 2009 TO  
FEBRUARY 4, 2010:**

- From Instituto Laboral de la Raza, invitation to the February 12, 2010 National Labor Awards at the United Irish Cultural Center in San Francisco
- From Port staff, regarding Seawall Lot 337
- From Port staff, regarding Pier 80 Security Fencing Project
- From The Exploratorium, invitation to the Teacher Institute's 25<sup>th</sup> Anniversary Party on February 20, 2010 from 7 p.m. to 11 p.m.
- From Port staff, regarding Port Revenue Bonds, Series 2010



FEBRUARY/MARCH 2010  
CALENDAR OF UPCOMING PORT MEETINGS – OPEN TO THE PUBLIC

DATE	TIME	GROUP	LOCATION
Feb. 23	2:00 p.m.	Closed Session/Port Commission	Port Commission Room
	3:15 p.m.	Open Session	@ Ferry Building
Mar. 9	2:00 p.m.	Closed Session/Port Commission	Port Commission Room
	3:15 p.m.	Open Session	@ Ferry Building
Mar. 23	2:00 p.m.	Closed Session/Port Commission	Port Commission Room
	3:15 p.m.	Open Session	@ Ferry Building

**NOTES:**

The San Francisco Port Commission meets regularly on the second and fourth Tuesday of the month at 3:15 p.m., unless otherwise noticed. The Commission Agenda and staff reports are posted on the Port's Website @ [www.sfport.com](http://www.sfport.com). Contact Amy Quesada at 274-0406. The Port Commission meetings can be viewed online at [http://sanfrancisco.granicus.com/ViewPublisher.php?view\\_id=92](http://sanfrancisco.granicus.com/ViewPublisher.php?view_id=92). The Port Commission meetings are also broadcasted on the 2nd & 4th Thursday of the month at 9 p.m. on Comcast Cable Channel 26 or Astound Cable Channel 78 (formerly RCN Cable).

The Fisherman's Wharf Waterfront Advisory Group (FWWAG) meets regularly on a bi-monthly basis, on the third Tuesday of the month. The regular meeting time and place is 9:00 a.m. at Scoma's Restaurant, Pier 47 at Fisherman's Wharf. Contact Michael Nerney @ 274-0416 or [michael.nerney@sfport.com](mailto:michael.nerney@sfport.com)

Starting January 21, 2010, the Maritime Commerce Advisory Committee (MCAC) will meet every other month, on the third Thursday of the month, from 11:30 a.m. to 1:00 p.m. @ Pier 1. Contact Jim Maloney @ 274-0519 or [jim.maloney@sfport.com](mailto:jim.maloney@sfport.com)

The Mission Bay Citizens Advisory Committee meets regularly on the second Thursday of the month, from 5:30 to 7:30 p.m. at the Mission Bay Visitor Center (255 Channel Street). Contact Catherine Reilly, Assistant Project Manager, Redevelopment Agency, @ 749-2516 or [Catherine.Reilly@SFGOV](mailto:Catherine.Reilly@SFGOV)

The Northeast Waterfront Advisory Group (NEWAG) meets regularly on a bi-monthly basis on the first Wednesday of the month from 5:00 p.m. to 7:00 p.m. in the Bayside Conference Room @ Pier 1. Contact Jonathan Stern @ 274-0545 or [jonathan.stern@sfport.com](mailto:jonathan.stern@sfport.com)

The Central Waterfront Advisory Group (CWAG) meets monthly on an as-needed basis, generally on the third Wednesday of the month from 5 to 7 p.m. in the Bayside Conference Room at Pier 1. Contact Mark Paez @ 705-8674 or [mark.paez@sfport.com](mailto:mark.paez@sfport.com)

The Rincon Point-South Beach Citizens Advisory Committee meets on a quarterly basis, from 5:00-7:00 p.m. at the South Beach Yacht Club (Pier 40 on The Embarcadero). Contact Catherine Reilly, Assistant Project Manager, Redevelopment Agency, @ 749-2516 or [Catherine.Reilly@REDEV/SFGOV](mailto:Catherine.Reilly@REDEV/SFGOV)

The Southern Waterfront Advisory Committee (SWAC) meets every last Wednesday of the month from 6:15 to 8:15 p.m. Location to be determined. Contact David Beaupre @ 274-0539 or [david.beaupre@sfport.com](mailto:david.beaupre@sfport.com)

The Waterfront Design Advisory Committee (WDAC) meets jointly with the Design Review Board of the Bay Conservation and Development Commission on the first Monday of the month at BCD, 50 California Street, Rm. 2600, at 6:30 p.m. The Committee meets as needed on the fourth Monday of the month at 6:30 p.m. in the Bayside Conf. Rm. @ Pier 1. Contact Dan Hodapp @ 274-0625 or [dan.hodapp@sfport.com](mailto:dan.hodapp@sfport.com)





## **FERRY BUILDING:**

The Port Commission Hearing Room is located on the second floor of the Ferry Building. The main public entrance is from the west (Embarcadero) side and is served by a bank of elevators adjacent to the historic staircase. Accessible public restrooms are on the first floor at the northeast end of the building as well as on the second floor across the lobby from the Port Commission Hearing Room. The main path of travel to the Port Commission Hearing Room is equipped with remote infrared signage (Talking Signs). The Port Commission Hearing Room is wheelchair accessible. Accessible seating for persons with disabilities (including those using wheelchairs) is available. The closest accessible BART and MUNI Metro station is Embarcadero located at Market & Spear Streets. Accessible MUNI lines serving the Ferry Building area are the F-Line, 9, 31, 32 and 71. For more information about MUNI accessible services, call (415) 923-6142. The nearest accessible parking is provided in the following off-street pay lots:

- A) 3 spaces in the surface lot on the west side of the Embarcadero at Washington St.
- B) Hourly and valet parking in the Pier 3 lot. This lot is accessed through the Pier 3 bulkhead building entrance on the east side of the Embarcadero. This lot is located on the pier deck; adjacent to the ferry boat Santa Rosa.

Additional covered accessible off-street pay parking is available in the Golden Gateway Garage, which is bounded by Washington, Clay, Drumm and Battery Streets. Entrance is on Clay St. between Battery and Front Streets. There is no high-top van parking. Metered street parking is available on the Embarcadero, Washington, Folsom & Drumm Streets.

## **PIER 1:**

The Port's fully accessible offices are in the west end of Pier 1. There are two public entrances; the main entrance on the west (Embarcadero), and the Port History walk entrance on the south apron. Each of these entrances is provided with an automatically operated door. Both entrances lead to the Bayside conference rooms. Accessible public restrooms, drinking fountains, payphone and TTY are on the first floor near the main entrance. The public spaces of the Port's offices are equipped with remote infrared signage (Talking Signs) identifying all primary entrances, paths of travel, meeting rooms and amenities. Accessible seating areas and assistive listening devices will be available in the Bayside Conference rooms.



**Accessible meeting information policy:**

In order to assist the City's efforts to accommodate persons with severe allergies, environmental illness, multiple chemical sensitivity or related disabilities, attendees at public meetings are reminded that other attendees may be sensitive to various chemical based products. Please help the City to accommodate these individuals.

A sign language interpreter and alternative format copies of meeting agendas and other materials can be provided upon request made at least 72 hours in advance of any scheduled meeting. Contact Wendy Proctor, Port's ADA Coordinator, at 274-0592, the Port's TTY number is (415) 274-0587.

**Know Your Rights Under the Sunshine Ordinance:**

Government's duty is to serve the public, reaching its decisions in full view of the public. Commissions, boards, councils and other agencies of the City and County exist to conduct the people's business. This ordinance assures that deliberations are conducted before the people and that City operations are open to the people's review. For more information on your rights under the Sunshine Ordinance (Chapter 67 of the San Francisco Administrative Code) or to report a violation of the ordinance, contact Frank Darby by mail: Sunshine Ordinance Task Force, 1 Dr. Carlton B. Goodlett Place, Room 244, San Francisco CA 94102-4689; by phone at (415) 554-7724; by fax at (415) 554-7854 or by email at [sotf@sfgov.org](mailto:sotf@sfgov.org). Citizens interested in obtaining a free copy of the Sunshine Ordinance can request a copy from Mr. Darby or by printing Chapter 67 of the San Francisco Administrative Code on the Internet, at <http://www.sfgov.org/sunshine>.

**NOTICES****Prohibition of Ringing of Sound Producing Devices:**

The ringing of and use of cell phones, pagers, and similar sound-producing electronic devices are prohibited at this meeting. Please be advised that the Chair may order the removal from the meeting room of any person(s) responsible for the ringing or use of a cell phone, pager, or other similar sound-producing electronic device.

**Lobbyist Registration and Reporting Requirements:**

Individuals and entities that influence or attempt to influence local legislative or administrative action may be required by the San Francisco Lobbyist Ordinance (SF Campaign & Government Conduct Code Sections §2.100 – 2.160) to register and report lobbying activity. For more information about the Lobbyist Ordinance, please contact the San Francisco Ethics Commission at 30 Van Ness, Suite 3900, San Francisco, CA 94102, phone (415) 581-2300 or fax (415) 581-2317; web site: [www.sfgov.org/ethics](http://www.sfgov.org/ethics).







## MEMORANDUM

February 3, 2010

**TO:** MEMBERS, PORT COMMISSION  
Hon. Rodney Fong, President  
Hon. Stephanie Shakofsky, Vice President  
Hon. Kimberly Brandon  
Hon. Michael Hardeman  
Hon. Ann Lazarus

**FROM:** Monique Moyer  
Executive Director

**SUBJECT:** Request approval to assign Lease No. L-13395 from RMC Pacific Materials, Inc. to CEMEX Construction Materials Pacific, LLC (concrete batching plant at Pier 92)

**DIRECTOR'S RECOMMENDATION:** Approve Attached Resolution

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### Background

The Port of San Francisco ("Port") and RMC Pacific Materials, Inc., a Delaware corporation ("Assignor"), entered into Lease No. L-13395 dated for reference purposes only as of December 2, 2002, as amended (the "Lease"), for premises located at Pier 92 in San Francisco, California ("Premises"), as more particularly described in the Lease. The term of this Lease is for ten (10) years, commencing on September 1, 2006, and terminating on August 31, 2016, with three five-year options through 2031. The current base rent under the Lease is \$26,012.30 per calendar month.

The Assignor desires to assign its interest in the Lease to CEMEX Construction Materials Pacific, LLC, a Delaware limited liability company ("Assignee"), and the Assignee desires to assume all obligations of the Assignor under the Lease pursuant to that certain Assignment and Assumption Agreement ("Assignment Agreement") dated February 9, 2010, pursuant to the Lease. Such assignment requires the consent of the Port Commission.

Under the Port's consent, the Assignee shall be bound by all of the terms, covenants, conditions, provisions and agreements of the Lease. Neither the Assignment Agreement nor the Consent to Assignment shall be construed to modify, waive or affect any of the terms, covenants, conditions, provisions or agreements of the Lease.

**This Print Covers Calendar Item No. 5A**



Port staff has reviewed the proposed transaction, including the Assignee's financial statements, insurance certificates, and Lease requirements for Port consent to the assignment. Port staff believes that the Assignee can meet all of the Lease obligations.

The Assignor is an indirect wholly-owned subsidiary of CEMEX, Inc., and the Assignee is a direct wholly-owned subsidiary of CEMEX, Inc. As parent company of both entities, CEMEX, Inc. plans to merge the Assignor into the Assignee. The Assignee would survive the merger and have all the property, rights, obligations and liabilities of the Assignor by operation of law. This is not a transfer or sale to an unrelated party.

A Consent to Assignment document, utilizing the Port's own standard assignment form, has been submitted for approval by the Assignor and the Assignee. The salient terms and conditions of the proposed consent to assignment are as follows:

<b>Lessor:</b>	San Francisco Port Commission
<b>Assignor:</b>	RMC Pacific Materials, Inc., a Delaware corporation
<b>Assignee:</b>	CEMEX Construction Materials Pacific, LLC, a Delaware limited liability company
<b>Premises:</b>	Pier 92 in San Francisco, California (as more particularly described in the Lease)
<b>Rent:</b>	\$26,012.30 per calendar month
<b>Term:</b>	Ten (10) years, commencing on September 1, 2006, and terminating on August 31, 2016, with three five-year options through 2031
<b>Terms and Conditions:</b>	All others as set forth in Lease No. L-13395
<b>Port's Consent:</b>	Section 21.2 (Port's Consent Required) of the Lease provides that the Tenant shall not make or permit any Transfer (including, without limitation, the proposed assignment) of the Lease except with the prior written consent of the Port in each instance as evidenced by Port Commission resolution.

### **Recommendation**

Port staff recommends that the Port Commission: (1) approve the proposed Consent to Assignment of the Premises affected by Lease No. L-13395, with RMC Pacific Materials, Inc. as Assignor, and CEMEX Construction Materials Pacific, LLC as Assignee; and (2) authorize the Executive Director, in consultation with the City Attorney, to take all such further action required to effect the same, including the execution of a Consent to Assignment or other agreement, so long as the existing obligations or liabilities of the City and Port are not materially increased, and the benefits to the Port are not materially decreased.

Prepared by: Michael Nerney, Maritime Marketing Manager  
For: Peter Dailey, Deputy Director, Maritime



**PORT COMMISSION  
CITY AND COUNTY OF SAN FRANCISCO**

**RESOLUTION NO. 10-06**

- WHEREAS, Charter Section B3.581 of the Charter of the City and County of San Francisco empowers the Port Commission with the power and authority and duty to use, conduct, operate, maintain, manage, regulate and control the Port area(s) of the City and County of San Francisco; and
- WHEREAS, Section B3.581(g) of the Charter of the City and County of San Francisco provides that leases granted and made by the Port Commission should be administered exclusively by the operating forces of the Port Commission; and
- WHEREAS, The Port entered into Lease No. L-13395 for real property located at Pier 92 with RMC Pacific Materials, Inc. as Tenant; and
- WHEREAS, Lease No. L-13395 has a term of ten (10) years, commencing on September 1, 2006, and terminating on August 31, 2016, with three five-year options through 2031; and
- WHEREAS, RMC Pacific Materials, Inc. has proposed to assign its interest in the Lease to CEMEX Construction Materials Pacific, LLC; and CEMEX Construction Materials Pacific, LLC desires to assume all obligations of RMC Pacific Materials, Inc. under the Lease; and
- WHEREAS, Lease No. L-13395 provides that any transfer of the Lease including, without limitation, the proposed assignment by RMC Pacific Materials, Inc. to CEMEX Construction Materials Pacific, LLC is subject to the consent of the Port Commission; and
- WHEREAS, RMC Pacific Materials, Inc. is a tenant in good standing and is not in default of any of its obligations under the terms and conditions of Lease No. L-13395, and CEMEX Construction Materials Pacific, LLC has the financial wherewithal to meet the obligations of the Lease; now, therefore, be it
- RESOLVED, That the San Francisco Port Commission hereby consents to the assignment by RMC Pacific Materials, Inc. of Lease No. L-13395 to CEMEX Construction Materials Pacific, LLC on the terms and conditions described in the Memorandum to the Port Commission dated February 3, 2010; and be it further





RESOLVED, That the Port Commission hereby authorizes the Executive Director, in consultation with the City Attorney, to take all such further action as is necessary to implement the intent of this Resolution including the execution of a Consent to Assignment or other agreement, to the extent that the obligations or liabilities of the City and County of San Francisco and the Port are not materially increased, or the material benefits to the City and County of San Francisco or the Port are not materially decreased.

***I hereby certify that the foregoing resolution was adopted by the Port Commission at its meeting of February 9, 2010.***

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Secretary

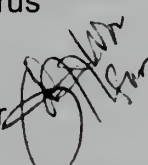




## MEMORANDUM

February 4, 2010

**TO:** MEMBERS, PORT COMMISSION  
Hon. Rodney Fong, President  
Hon. Stephanie Shakofsky, Vice President  
Hon. Kimberly Brandon  
Hon. Michael Hardeman  
Hon. Ann Lazarus

**FROM:** Monique Moyer  
Executive Director 

**SUBJECT:** Informational presentation on the Port's Biennial Operating Budget for Fiscal Years 2010-11 and 2011-12

**DIRECTOR'S RECOMMENDATION:** Informational Item - No Action Required

The purpose of this item is to provide an overview of the Port's proposed Fiscal Years 2010-11 and 2011-12 biennial operating budget, to allow for Port Commission and public input and feedback. This year, there is a significant change to the way the Port's Budget is prepared.

### Two Year Budget

On November 3, 2009, the voters of San Francisco approved Proposition A which, among other things, amended Charter Section 9.100 to require the City to adopt a new rolling two-year budget cycle. As a result of Proposition A, each year the City will adopt a new biennial budget. The Port, along with the San Francisco Public Utilities Commission and San Francisco Airport, were selected to be the first departments to implement the new two-year budget. All other City departments will implement the two-year budget in 2011 for FYs 2011-12 and 2012-13.

The Port Commission is scheduled to approve the Port's Fiscal Years 2010-11 and 2011-12 biennial budget at its February 23, 2010 meeting. Following Port Commission approval, the biennial budget will then be reviewed by the Mayor Gavin Newsom's Office, which will submit the budget to the Board of Supervisors by the first of May 2010. The Board will give final consideration to the budget on or about July 31, 2010. The proposed Fiscal Years 2010-11 and 2011-12 Biennial Operating Budget is summarized below.

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The following table identifies all of the Port's revenue sources including Estimated Fund Balance that the Port uses to fund capital projects and the budgeted operating reserve.

### Sources and Uses Summary

	Budget	Budget	Increase / (Decrease)		Budget	Increase / (Decrease)	
	<u>2009/10</u>	<u>2010/11</u>	<u>Amount</u>	<u>Percent</u>	<u>2011/12</u>	<u>Amount</u>	<u>Percent</u>
<b>Sources</b>							
Estimated Fund Balance	\$16,722,692	\$18,564,235	\$1,841,543	11.0%	\$20,550,000	\$1,985,765	10.7%
Revenue	63,876,800	67,637,300	3,760,500	5.9%	69,363,300	1,726,000	2.6%
General							
Obligation Bonds	13,557,362	16,217,425	2,660,063	19.6%	0	(16,217,425)	-100%
Interest Earnings							
Restricted for							
Capital Projects	<u>1,622,880</u>	<u>0</u>	<u>(1,622,880)</u>	<u>-100%</u>	<u>0</u>	<u>0</u>	<u>0%</u>
Total Sources	<u>\$95,779,734</u>	<u>\$102,418,960</u>	<u>\$6,639,226</u>	<u>6.9%</u>	<u>\$89,913,000</u>	<u>(\$12,506,660)</u>	<u>-12.2%</u>
<b>Uses</b>							
Operating							
Expense	\$59,487,543	62,313,132	2,825,589	4.7%	64,331,940	2,018,808	3.2%
Capital							
Appropriations	23,157,242	25,774,425	2,617,183	11.3%	12,543,000	(13,231,425)	-51.3%
Annual Projects	4,213,126	4,712,494	499,368	11.9%	3,299,994	(1,412,500)	-30%
Operating							
Reserve	<u>8,921,823</u>	<u>9,618,909</u>	<u>697,086</u>	<u>7.8%</u>	<u>9,738,366</u>	<u>119,457</u>	<u>1.2%</u>
Total Uses	<u>\$95,779,734</u>	<u>\$102,418,960</u>	<u>\$6,639,226</u>	<u>6.9%</u>	<u>\$89,913,000</u>	<u>(\$12,506,660)</u>	<u>-12.2%</u>
Operating							
Reserve as a							
Percent of							
Operating							
Expense	15%	15%			15%		

With respect to the biennial operating budget, Port staff projects operating revenues to increase by 5.9% or \$3.8 million in the first year of this budget and by 2.6% or \$1.8 million in the second year. Operating expenses are projected to increase by \$2.8 million or 4.7% in first year of the biennial budget and by \$2.0 million or 3.2% in the second. Additionally, staff proposes to increase the Port's operating reserve by \$697,086 in FY 2010-11 and by \$119,457 in FY 2011-12 to maintain 15% of operating expenses consistent with the Port Commission adopted operating reserve policy. The Estimated Fund Balance has increased by approximately \$1.8 million in the first year of the biennial budget and \$2.0 million in the second year.

Each of the primary changes to the Port's Fiscal Years 2010-11 and 2011-12 biennial budget is described in more detail below.

### Revenue

The proposed revenue budget of \$67,637,300 for FY 2010-11 reflects a \$3.8 million increase or 6% more than the FY 2009-10 budget. The proposed revenue for FY 2011-12 is \$69,363,300 - a 3% increase over FY 2010-11 budget. Projected revenues are as follows:



	<b>Budget</b>	<b>Budget</b>	<b>Increase / (Decrease)</b>		<b>Budget</b>	<b>Increase / (Decrease)</b>	
	<b><u>2009/10</u></b>	<b><u>2010/11</u></b>	<b><u>Amount</u></b>	<b><u>Percent</u></b>	<b><u>2011/12</u></b>	<b><u>Amount</u></b>	<b><u>Percent</u></b>
Cargo	\$4,497,500	\$4,495,000	(\$2,500)	0%	\$4,780,000	\$285,000	6%
Ship Repair	855,000	974,000	119,000	14%	974,000	\$0	0%
Harbor Services	1,335,000	1,328,000	(7,000)	-1%	1,964,000	636,000	48%
Cruise	1,980,000	1,610,000	(370,000)	-19%	1,710,000	100,000	6%
Fishing	1,820,000	1,932,000	112,000	6%	1,975,000	43,000	2%
Other Marine	1,744,000	1,665,000	(79,000)	-5%	1,700,000	35,000	2%
Commercial/Industrial	38,740,000	41,364,000	2,624,000	7%	41,690,000	326,000	1%
Parking	10,900,000	12,264,000	1,364,000	13%	12,286,000	22,000	0%
Filming	0	0	0	0%	0	0	0%
Special Events	100,000	100,000	0	0%	100,000	0	0%
Miscellaneous Services	105,000	105,000	0	0%	105,000	0	0%
Facility Damage	6,000	6,000	0	0%	6,000	0	0%
Permits	366,000	366,000	0	0%	500,000	134,000	37%
Miscellaneous Repairs	30,000	30,000	0	0%	35,000	5,000	17%
Negotiation Fees	250,000	250,000	0	0%	100,000	(150,000)	-60%
Interest on Investments	795,000	795,000	0	0%	1,060,000	265,000	33%
Penalties & Svc. Charges	19,300	19,300	0	0%	19,300	0	0%
Miscellaneous Receipts	<u>334,000</u>	<u>334,000</u>	<u>0</u>	<u>0%</u>	<u>359,000</u>	<u>25,000</u>	<u>7%</u>
<b>Total Revenues</b>	<b><u>\$63,876,800</u></b>	<b><u>\$67,637,300</u></b>	<b><u>\$3,760,500</u></b>	<b><u>6%</u></b>	<b><u>\$69,363,300</u></b>	<b><u>\$1,726,000</u></b>	<b><u>3%</u></b>

The changes in the Fiscal Years 2010-11 and 2011-12 biennial revenues are outlined below:

- Cargo revenues are projected to remain steady in FY 2010-11 and then increase by \$285,000 or 6% in FY 2011-12. The second year increase is a result of a projected increase in wharfage resulting from expected growth in both bulk, primarily aggregate/sand, and break bulk cargo volumes.
- Ship Repair revenues are projected to increase by \$119,000 or 14% in FY 2010-11 based on the lease's minimum annual rent obligation. Lease revenue will remain flat in FY 2011-12. No percentage rent was budgeted as 100% of it will be credited back for the capital improvements to the drydock.
- Harbor Services revenues are projected to decrease slightly in FY 2010-11. This is a result of postponement of the San Francisco Bar Pilots' rent increase until January 2011. FY 2011-12 reflects a projected \$636,000 increase in revenue resulting primarily from the full annualization of the SF Bar Pilots new lease as well as 1% general CPI increase for all other accounts.





- Cruise revenues are expected to decrease by \$370,000 or 19% in FY 2010-11 based on fewer cruise call bookings for calendar year 2010. These decreases are a result of the cruise lines decisions to make fewer Alaska calls. FY 2011-12 revenue increases by 6% based on a projected increase of three additional calls.
- Fishing revenue growth in both years, \$112,000 in FY 2010-11 and \$43,000 in FY 2011-12, result from adjustments in dockage and fishing industry rent.
- Other Marine revenues are expected to decrease in FY 2010-11 by \$79,000 or 5% based on lower layberth activity and will show a slight increase of 2% in FY 2011-12 resulting from a proposed 15% increase in landing fees.
- Commercial/Industrial rent is expected to increase by \$2,624,000 or 7% in FY 2010-11 primarily from an increase in percentage rent of \$2 million over the FY 2009-10 budget. This increase is based on current year actual percentage rent receipts which did not experience the steep decline that was projected in the FY 2009-10 budget. Projections for FY 2010-11 anticipate continued weakness in our tenants' sales activities and represent a 16% decline over FY 2008-09 actual receipts. Rent from non-percentage leases is expected to increase by \$604,000 or 2% over FY 2009-10. This is primarily as a result of the activation of the Trans Bay Cable lease resulting in an additional \$1 million in rent that is partially offset by increased vacancies at other Port locations. FY 2011-12 reflects a projected 1% CPI increase in most leases.
- Parking revenue is projected to increase by \$1,364,000 or 13% in FY 2010-11 primarily due to: 1) a new parking operator taking over operations of Seawall Lots 322-1, 321, 323 and 324 in January 2010 and increasing revenue by approximately \$570,000; and 2) the expected impact from a new agreement for the parking operations at Seawall Lot 301 and Pier 45. FY 2011-12 revenue will remain flat, a 1% CPI increase is partially offset by loss of revenue resulting from the closure of the Pier 27 lot in preparation for the start of the Cruise Terminal construction.
- Building Permit revenues are expected to remain stable in FY 2010-11 and increase in FY 2011-12 by \$134,000 due to an anticipated increase in tenant construction activity.
- Negotiation fees are expected to remain stable in FY 2010-11 and then decline by 60% in FY 2011-12 as a result of lull in new development projects.
- Interest on Investments is expected to continue at the same level in FY 2010-11 and then increase by \$265,000 or 33% in FY 2011-12 as a result of an anticipated increase in interest rates of 0.5%.





## Expense

The proposed FY 2010-11 biennial expense budget of \$67,025,626 is a \$3,324,957, or 5.2% increase over the prior fiscal year. In the second year of this biennial budget, FY 2011-12, expense increases by additional \$606,308 or 0.9%. The expense summary for Fiscal Years 2010-11 and 2011-12 is as follows:

	Budget	Budget	Increase / (Decrease)		Budget	Increase / (Decrease)	
	<u>2009/10</u>	<u>2010/11</u>	<u>Amount</u>	<u>Percent</u>	<u>2011/12</u>	<u>Amount</u>	<u>Percent</u>
Salaries & Benefits	\$28,110,910	\$29,962,249	\$1,851,339	6.6%	\$31,107,308	\$1,145,059	3.8%
City-wide Overhead	261,219	261,219	0	0%	261,219	0	0%
Other Current Expenses	8,654,886	9,955,505	1,300,620	15.0%	10,584,013	628,508	6.3%
Materials & Supplies	1,449,659	1,479,126	29,467	2.0%	1,538,803	59,677	4.0%
Fixed Charges	632,187	626,030	(6,157)	-1.0%	631,230	5,200	0.8%
Capital Outlay (Equipment)	242,982	344,625	101,643	41.8%	521,302	176,677	51.3%
Annual Projects	4,213,126	4,712,494	499,368	11.9%	3,299,994	(1,412,500)	-30.0%
Debt Service	4,702,760	3,075,050	(1,627,710)	-34.6%	3,076,672	1,622	0.1%
ADM - Insurance & Risk	1,890,033	2,127,000	236,967	12.5%	2,168,000	41,000	1.9%
City Attorney - Legal Services	2,554,650	2,554,650	0	0%	2,554,650	0	0%
Fire Protection Services	2,775,131	2,927,974	152,843	5.5%	2,927,974	0	0%
DHR – Workers Compensation	826,811	826,811	0	0%	826,811	0	0%
PUC - Light, Heat & Power	1,656,275	1,823,541	167,266	10.1%	2,057,838	234,297	12.8%
All Other Departments	5,449,052	6,068,363	619,311	11.4%	5,795,132	(273,231)	-4.5%
Interdepartmental Recovery	(303,000)	(303,000)	0	0%	(303,000)	0	0%
Revenue Transfer Out – DPT	<u>583,989</u>	<u>583,989</u>	<u>0</u>	<u>0%</u>	<u>583,989</u>	<u>0</u>	<u>0%</u>
<b>Total Expenses</b>	<b><u>\$63,700,669</u></b>	<b><u>\$67,025,626</u></b>	<b><u>\$3,324,957</u></b>	<b><u>5.2%</u></b>	<b><u>\$67,631,934</u></b>	<b><u>\$606,308</u></b>	<b><u>0.9%</u></b>

As described below, the major increases in the Fiscal Years 2010-11 and 2011-12 biennial expense budget occur in line items for payment of Salaries and Mandatory Fringe Benefits, Other Current Expenses and Services of Other Departments. Such increases were off-set by a delayed Debt Service payment in the first year and by a decrease in facility maintenance Annual Project cost in the second.

- Salaries and mandatory fringe benefits are projected to increase in the first year of the biennial budget by a total of \$1,851,339 or 6.6%. Approximately \$800,000 of this increase is a result of a 43% increase in the Port's contributions to the City's retirement fund. An additional \$600,000 increase in the cost is a result of a projected 10% increase in health insurance costs. The remaining increase consists of salary costs that result from the addition of a new Maintenance position and from the expiration of temporary salary reductions negotiated between the City and most of the municipal labor unions. In the second year of this budget, FY 2011-12, these costs increase by an additional 3.8% or \$1.1 million. Mandatory fringe costs continue to be the primary



driver with retirement costs increasing by 22% and health insurance projected to increase another 10%, resulting in fringe costs increasing by \$1.1 million or 11.8%. Salary cost in the second year increase by \$76,742 resulting from a new position in Maintenance. There are no projected MOU salary increases anticipated in FY 2011-12.

- Other Current Expenses increased by a total of \$1.3 million or 15%, in FY 2010-11 primarily due to increased Professional Services costs, of which 56% is a result of the Terminal Management Agreement for operation of Pier 80. In prior years, the cost of this management agreement was paid as revenue credits. The Controller's Office has mandated the end of this practice and thus the cost is now shown in the Professional Services budget. The Revenue Budget has been correspondingly increased as a result of this change. The balance of the increased cost is a result of I.T. and financial consulting services of \$244,500 or 19%, state mandated air quality plans, and consulting services to review PG&E remediation of Port property contaminated by the Potrero Power plant of \$190,000 or 15%. The remaining 10% increase is the result of additional Planning and Development consulting services. In FY 2011-12, Other Current Expense increases by \$628,508 or 6.3% primarily resulting from the Professional Services costs associated with integrating the Port I.T. systems with the City's new payroll and personnel system, increases in the Rent and CAM charges for the Port's offices in Pier 1, and Portwide utility costs.
- Capital Outlay is expected to increase in FY 2010-11 by \$101,643 or 41.8% due to I.T. equipment costs needed to upgrade the Port's I.T. infrastructure in order to handle the continued growth in demand. In FY 2011-12 Capital Outlay costs increase by \$176,667, resulting from a \$305,000 increase in vehicle and equipment purchases by the Maintenance Division that is partially offset by a \$128,323 reduction in I.T. equipment costs.
- Annual Projects increase by \$499,368 in FY 2010-11 primarily from I.T. system upgrade projects, including the replacement of the Port's maintenance management system. In FY 2011-12, Annual Projects decrease by \$1.4 million, primarily as a result of significant completion in I.T. projects.
- The Port's budget for Fire Protection Services increased by \$152,843 or 5.5% based on projected salary and fringe increases in FY 2010-11. In FY 2011-12, there are no projected cost increases.
- The Port's work-order to the Department of Parking and Traffic increased by \$337,542 as a result of increased costs associated with the maintenance and management of the Port's new parking meters. Since the FY 2010-11 budget includes the cost of upgrading software, costs are not expected to increase further in FY 2011-12.
- The Port's work-order to the SFPUC's Bureau of Light Heat and Power increased by \$167,266 in FY 2010-11, for loan repayment to SFPUC for the first and second phase of the Energy Efficiency Project. FY 2011-12 costs are increased by \$234,297 as the Port begins repayment of the third and final phase of the project.





## **Staffing Changes Proposed**

### ***Finance and Administration Division***

#### **1823 Senior Administrative Analyst (Reclassified) - \$94,068 annual salary**

This would reclassify an existing Accountant II position. The Accounting unit requires an 1823 position to perform complex professional analytical work under only general direction. This position supports the Port's capital project and facility maintenance programs. Many of the Port's projects are supported by grants and other external financing sources with requirements and restrictions that require close monitoring, complex financial analysis and associated administrative analysis and reporting. This reclassification also alleviates the on-going issue with recruitment and retention.

### ***Maintenance Division***

#### **7376 Sheet Metal Worker (New) FY 2010-11 - \$94,978 annual salary**

Historically, this position has been capital funded but Port staff proposes to transition the position into the operating budget. This position is required to maintain minimal staffing levels within the Sheet Metal Shop. The Sheet Metal Shop has four employees including this position.

#### **3417 Gardener (New) FY 2011-12 - \$61,360 annual salary**

The Port will be opening new parks as a result of the Park Bond Measure. The new parks will require maintenance and currently the Port has only one Gardener position funded in the Operating Budget.

### ***Engineering Division***

#### **6334 Chief Building Inspector (Reclassified) - \$128,518 annual salary**

This would reclassify the Port's 6333 Senior Building inspector to a 6334 Chief Building Inspector. This position has the overall responsibility of managing the Port's Building Permit Group. The incumbent's responsibilities include developing and managing the Port's computerized building permit and code enforcement tracking systems, managing retention of building permit and code enforcement files and records, maintaining, updating and enforcing the Port Building Code.

### ***Executive Division***

#### **1824 Principal Administrative Analyst (Reassigned)**

This position will be reassigned from the Finance and Administration Division to the Executive Division and will assist the Special Projects Manager by assuming responsibilities for federal legislative programs while continuing to handle grant funds development and the annual capital plan.



## Conclusion

The Port's proposed Fiscal Years 2010-11 and 2011-12 biennial operating expense budget is a 4.7% increase in the first year and a 3.2% increase in the second, while adding \$697,086 to the Port's operating reserve in FY 2010-11 and \$180,157 in FY 2011-12.

The primary increase to the Port's budget is to fund salaries and fringe benefits which reflect wage increases and increased contributions to the City's retirement fund as well as Professional Services and the Service of Other Departments. The biennial budget continues to provide funding for one-time projects that will enable the Port to repair, manage, and develop the City's waterfront. The Port's Fiscal Years 2010-11 and 2011-12 biennial revenue budget includes growth in percentage rents and rent from parking lots. This is primarily a result of current year revenue not being as negatively impacted as was anticipated in the FY 2009-10 budget. The revenue projections in this new two-year budget reflect the continued weakness in the nation and City's economy. While this budget is not ideal, because of a diverse revenue base the Port appears to be well situated to weather the current economic downturn without making drastic reductions to its budget.

Port staff welcomes comments, input and feedback from the Port Commission and the public. Port staff intends to fine-tune these line items and return to the Port Commission for review and approval of this biennial budget at its February 23, 2010 meeting.

Prepared by: Andrés Acevedo, Budget Manager  
Finance and Administration






## MEMORANDUM

February 4, 2010

**TO:** MEMBERS, PORT COMMISSION  
Hon. Rodney Fong, President  
Hon. Stephanie Shakofsky, Vice President  
Hon. Kimberly Brandon  
Hon. Michael Hardeman  
Hon. Ann Lazarus

**FROM:** Monique Moyer  
Executive Director 

**SUBJECT:** Informational presentation on the Port's proposed \$38.5 Million Biennial Capital Project Budget Funding for Fiscal Years 2010/11 and 2011/12

**DIRECTOR'S RECOMMENDATION:** Informational Only - No Action Required

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### Two Year Budget

On November 3, 2009 the voters of San Francisco approved Proposition A, that among other things, amended Charter Section 9.100 to require the City to adopt a new rolling two year budget cycle. As a result of the Proposition A, each year the City will adopt a new biennial budget. The Port, along with the San Francisco Public Utilities Commission and Airport were selected to be the first departments to implement the new two year budget beginning with fiscal year 2010-11. All other City departments will implement the two year budget in fiscal year 2011-12. Since the Port's annual capital project budget is a component, together with the operating budget, of the Port's annual budget, the Port is required to adopt a two year capital budget.

### Proposed Capital Project Budget

Attached is the Capital Project Budget that Port staff is proposing for fiscal years 2010/11 and 2011/12. The Capital Project Budget for these two fiscal years is being presented for the Port Commission's review, comment and input. The final Capital Project Budget for fiscal years 2010/11 and 2011/12 will be returned to the Port Commission for approval at its February 23, 2010 meeting.

Over the past several months, the Executive Director, the Capital Project Budget Committee (CPBC) (comprised of the Port's Deputy Directors and the Chief Harbor Engineer), and other key Port staff met to review and prioritize capital project funding

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requests for fiscal years 2010/11 and 2011/12 that were submitted by the Port's Divisions. The Executive Director and CPBC used the following criteria to determine which projects to recommend to the Port Commission for funding: (i) health and safety issues; (ii) completion of funding for projects that are currently underway; (iii) preservation of Port assets; (iv) prevention of loss of revenue to the Port; v) maintenance of Port facilities; and (vi) revenue generation. Funding for these proposed projects will be provided by the unappropriated balance from the Port's operating funding.

### **Proposed Capital Project Budget Funding Sources**

For fiscal year 2010/11, Port finance staff estimates that \$9,557,000 in funding will be available to fund capital projects. This funding consists of \$9,007,000 in currently available funding, plus \$550,000 from an environmental payment from Transbay Cable LLC which is due upon commencement of cable operations, anticipated in the spring of 2010. (The company is required to make annual environmental payments of \$550,000 for the next ten years.) For fiscal year 2011/12, Port finance staff estimates that \$12,543,000 in funding will be available for capital projects. This funding consists of \$7,522,040 in estimated funding plus \$550,000 from the annual Transbay Cable payment, and \$4,470,960 representing monies appropriated in fiscal year 2010/11 for debt service of Port revenue bonds that will not be spent. These unspent debt service funds are the result of the following: i) funds for the final payment on the Port's 2004 revenue bonds that were retired on July 1, 2009 were appropriated and paid to the bond trustee fiscal year 2008/09, and ii) as a result of a later bond issuance date, no payment on the Port's newly issued 2010 revenue bonds is due in fiscal year 2009/10.

The proposed Capital Project Budget also includes additional funding in fiscal year 2010/11 for capital projects to develop the Port's waterfront parks, and additional funding for the Pier 27 cruise terminal project. Funding for the waterfront parks projects will come from the third issuance of the City's 2008 Clean and Safe Neighborhood Parks General Obligation Bond that is currently scheduled for the spring of 2011. Funding for the Pier 27 cruise terminal project will come from the Port's newly issued 2010 revenue bonds.

### **Funding for Capital Projects**

<u>Sources</u>	<u>FY 2010/11</u>	<u>FY 2011/12</u>	<u>Two Year Total</u>
Operating Fund	\$9,007,000	\$7,522,040	\$16,529,040
Unspent Debt Service Funds		\$4,470,960	4,470,960
Transbay Cable payment	<u>550,000</u>	<u>550,000</u>	<u>1,100,000</u>
Total Funding	\$9,557,000	\$12,543,000	\$22,100,000

### **Proposed Capital Project Budget Expenditures**

The capital project budget expenditures that staff is proposing for fiscal years 2010/11 and 2011/12, shown in Exhibit I hereto, includes Port funding for: (i) the Port's maintenance dredging program for the next two years; (ii) the clean up, stabilization and repairs of the historic buildings located at Pier 70; (iii) repairs to the roof and windows of building 2 at Pier 70; (iv) installation of a new forced sewer main on Amador street; (v) repair, upgrades and replacement of elevators and escalator systems located in various Port facilities; (vi) the development of new open spaces and improvements to existing open



spaces located in the Port's southern waterfront; and vii) alternative energy projects that meet guidelines outlined in the Port's lease agreement with Transbay Cable.

Also included in the proposed capital project budget for fiscal years 2010/11 and 2011/12 is additional Port funding for: (i) a capital project established to make physical improvements to Port facilities to make them more accessible to the disabled; (ii) capital projects established to repair the pier structures and utility infrastructure of Port facilities; (iii) a capital project to fund capital improvements needed as part of the leasing process; (iv) a capital project established to repair sewer pumps along the Port's waterfront; v) a capital project established to drydock and repair the floats located at the Port's ferry terminals; vi) a capital project established to remove a portion of the sidewalk in front of Pier 33 that protrudes into The Embarcadero roadway; vii) a capital project established to paint, weatherproof and upgrade the windows of Roundhouse 2; and viii) a capital project established for greening and beautification projects at sites located in the southern waterfront. The additional funding proposed for this project will cover the Port's expected obligations generated by leasing activity projected over the next two years.

The proposed capital project budget also includes funding in fiscal year 2010/11 from the City's 2008 Clean and Safe Neighborhood Parks General Obligation Bond for: i) construction of a series of open spaces improvements and parks located in the southern waterfront; and ii) the final phase of construction of a new public promenade located in Fisherman's Wharf.

Finally, the proposed capital project budget includes a small amount of additional funding in fiscal year 2010/11 from the newly issued 2010 Port revenue bonds for the Pier 27 cruise terminal project. The balance of the Series 2010 Revenue Bond money was appropriated by the Port Commission at its October 13, 2009 meeting and by the Board of Supervisors at its December 8, 2009 meeting.

Based on the Port's existing capital project needs and identified funding sources, Port staff submits to the Port Commission the attached proposed Capital Project Budget for fiscal years 2010/11 and 2011/12 for its review, comment, and input.

### **Next Steps**

The Capital Project Budget for fiscal years 2010/11 and 2011/12 will return to the Port Commission for adoption at its February 23, 2010 meeting. Following approval by the Port Commission, the Capital Project Budgets will be submitted to Mayor Gavin Newsom's office and the City Capital Planning Committee. The Capital Project Budgets will be submitted by Mayor Gavin Newsom to the Board of Supervisors for adoption.

Prepared By: Lawrence Brown, Financial Analyst





## EXHIBIT I

### Capital Projects Proposed Funding for FYs 2010/11 and 2011/12

	<u>FY 2010/11</u>	<u>FY 2011/12</u>	<u>Two Year Funding Total</u>
<b>Projects Funded from Port Operating Fund Balance</b>			
<i>Northeast Waterfront:</i>			
Pier 33 to 35 Curb Cut Project – Add'l Funding	75,000	0	75,000
Roundhouse Paint, Weatherproofing and Window Upgrade	200,000	0	200,000
<i>Ferry Building Area &amp; South Beach:</i>			
Ferry Terminal Float Repairs – Add'l Funding	350,000	350,000	700,000
<i>Southern Waterfront:</i>			
Pier 70 Historic Buildings Clean-Up	100,000	50,000	150,000
Pier 70, Building 2 Repairs	1,200,000	0	1,200,000
Pier 70 Historic Buildings Stabilization & Repairs	500,000	0	500,000
Pier 80 Cargo Cranes Painting & Upgrade Project – Add'l Funding	200,000	0	200,000
Amador Street Forced Sewer Main & Pump Station	450,000	1,000,000	1,450,000
Southern Waterfront Greening/Beautification Improvements	205,000	150,000	355,000
Southern Waterfront Open Space Enhancements/Alternative Energy	550,000	550,000	1,100,000
<i>Portwide Projects:</i>			
Dredge Materials Testing FYs 2010/11 & 2011/12 Programs	409,000	731,000	1,140,000
Maintenance Dredging FYs 2010/11 & 2011/12 Programs	1,873,000	2,987,000	4,860,000
Port ADA Transition Plan – Add'l Funding	150,000	200,000	350,000
Pier Structures Repair Project, Phase II – Add'l Funding	2,500,000	5,600,000	8,100,000
Utilities Project – Add'l Funding	245,000	175,000	420,000
Waterfront Sewer Pump Project, Phase II – Add'l Funding	0	100,000	100,000
Leasing Capital Improvement Project - Add'l Funding	150,000	150,000	300,000
Port Elevator/Escalator Upgrade, Repair, and Replacement Project	400,000	500,000	900,000
<b>Projects Funded From Operating Fund Balance - Total</b>	<b>\$9,557,000</b>	<b>\$12,543,000</b>	<b>\$22,100,000</b>
<b>Projects Funded from G.O. Park Bonds</b>			
<i>Fisherman's Wharf:</i>			
Pier 43 Bay Trail Link – Add'l Funding	192,800	0	192,800
<i>Southern Waterfront:</i>			
Blue-Greenway Parks - Construction Portion	16,024,625	0	16,024,625
<b>G.O. Park Bond Funded Projects - Total</b>	<b>\$16,217,425</b>	<b>\$0</b>	<b>\$16,217,425</b>
<b>Projects Funded from 2010 Port Revenue Bonds</b>			
<i>Northeast Waterfront:</i>			
Pier 27 Cruise Terminal (planning, design, etc.) – Add'l Funding	139,456	0	139,456
<b>2010 Port Revenue Bond Funded Projects - Total</b>	<b>\$139,456</b>	<b>\$0</b>	<b>\$139,456</b>
<b>Total Proposed Project Funding</b>	<b>\$25,913,881</b>	<b>\$12,543,000</b>	<b>\$38,456,881</b>



**CAPITAL PROJECT BUDGETS**  
(Port Operating Fund Balance)

PROJECT NAME	FY 2010/11	FY 2011/12	DESCRIPTION
Pier 33 to 35 Curb Cut Project – Add'l Funding	\$75,000	\$0	The project funds the removal of a portion of the sidewalk in front of Pier 33 that protrudes into The Embarcadero roadway. On cruise ship days, cars and taxis dropping off passengers protrude into a North bound traffic lane of The Embarcadero creating traffic congestion. \$200,000 was appropriated in FY 2007/08 for this project.  Due to some changes to the project scope requested by the San Francisco Bay Development and Conservation Commission \$75,000 in additional funds are now needed to complete the project.
Roundhouse Paint, Weatherproofing and Window Upgrade Project – Add'l Funding	\$200,000	\$0	This project provides funding for the exterior painting and weatherproofing of the Port facility known as Roundhouse No. 2. The project scope includes sealing and painting the exterior to make the building watertight, replacing the existing single pane windows with new energy efficient windows, and the replacing of old window caulking. The project is broken into two phases. Phase I consists of sealing and painting the south side of the building, and the replacement of approximately one third of the building's single pane windows. Phase II of the project consists of replacing the remaining single pane windows.
Ferry Terminal Float Repairs Project – Add'l Funding	\$350,000	\$350,000	Initial funding of \$200,000 was provided in FY 2008/09 for the first phase of the project. Phase I is currently underway, and \$200,000 in additional funding is now needed for Phase II. This project provides funding for drydocking the floats, resurfacing of the float decks, replacing the fender replacement, and electrical repairs.  \$300,000 in initial funding was provided in FY 2008/09 for fender replacement, and critically needed electrical repairs. Additional funding is now needed to complete drydocking the floats and resurfacing of the float decks.  The Port's public ferry terminal floats have been in continuous service for nine to ten years and are now in need of overhaul and repairs in order to maintain their safe operation.
Pier 70 Historic Buildings Clean-Up	\$100,000	\$50,000	This project will fund the clean up of debris within the historic buildings located within the Pier 70 National Historic District.  \$150,000 in initial funding will be used to clean up debris in Buildings 101, 113, and 104. Funding is also provided to clean up other historic buildings in the Pier 70 National Historic District as needed. Funding is also available for the rental and/or purchase of equipment, as needed to facilitate the clean up.  Debris, and waste contribute to increased deterioration of the Pier 70 National Historic District's historic buildings, and limit their marketability. Cleaning up these buildings will help to retard the continued deterioration, and will increase the marketability of these structures to developers.





**CAPITAL PROJECT BUDGETS (cont)**  
**(Port Operating Fund Balance)**

PROJECT NAME	FY 2010/11	FY 2011/12	DESCRIPTION
Pier 70, Building 2 Repairs	\$1,200,000	\$0	<p>The roof and windows of building 2 at Pier 70 are severely deteriorated, permitting significant amounts of water to infiltrate the building during rainstorms. This has lead to interior damage and is preventing several floors of the building from being leased. The water infiltration is also causing damage to structural members of the building that if not repaired will lead to safety concerns.</p> <p>This project will fund the following repairs to Pier 70 Building 2: i) replacement of the roof, ii) repair and/or replacement of windows and window systems, and iii) repair and/or replacement of structural and other elements of the building, as needed.</p> <p>Repair work funded by this project will help to maintain this building as a revenue producing asset for the Port, as well as increasing the amount of leasable space in the buildings, thereby generating increased revenues for the Port.</p>
Pier 70 Historic Buildings Stabilization & Repairs	\$500,000	\$0	<p>The historic buildings located within the Pier 70 National Historic District are severely deteriorated, and infiltration of the weather into the interiors is leading to continued deterioration. Without the repairs, improvements and stabilization funded by this project, Port Engineering staff and Port consultants believe that there is a high likelihood that these buildings will collapse. This is particularly true of Building 113, which is the most historically significant, and the most in danger of collapse. If any of the District's historic buildings were to collapse, it would negatively impact the Pier 70 National Historic District, and any development opportunity for Pier 70.</p> <p>This project will fund small improvements designed to retard continued deterioration and provide structural reinforcement of the historic buildings located within the Pier 70 National Historic District. Included in the project scope, is shoring of building wall and roof systems, patching of roofs to prevent water infiltration, repair and stabilization of masonry, boarding and securing of windows, and repair of gutters and downspouts. Funding is also provided for the rental or purchase of equipment as needed.</p> <p>\$500,000 in initial funding is being provided to provide structural shoring and make minor improvements designed to retard continued deterioration of Pier 70, Building 113.</p>
Pier 80 Cargo Cranes Painting & Upgrade Project -- Add'l Funding	200,000	\$0	<p>This project provides funding for the repainting of three cargo cranes at the Port's Pier 80 Cargo Terminal, and for the cost of a consultant to develop the following: i) a cost estimate and bid package for the painting of the three cargo cranes and ii) the preparation of a project scope, specifications and cost estimate for the disposal of one crane at Pier 80 and three cranes at Pier 94/96. Project funding is also provided for the abatement and disposal of lead-based paint, and upgrades to handrails &amp; walking platforms required to operate the three cranes that will be painted.</p>





**CAPITAL PROJECT BUDGETS (cont)**  
(Port Operating Fund Balance)

PROJECT NAME	FY 2010/11	FY 2011/12	DESCRIPTION
Pier 80 Cargo Cranes Painting & Upgrade Project – Add'l Funding (continued)	200,000	\$0	<p>\$400,000 was provided in FY 2009/10 to paint and upgrade two cranes at Pier 80. \$200,000 in additional funding is now needed to paint an additional crane at Pier 80, and for the cost of hiring a consultant to develop a cost estimate for the cranes to be painted, and a project scope and cost estimate for the four cranes to be disposed.</p> <p>Cranes that are no longer needed and no longer maintained represent a health and safety hazard. Painting the cranes that will remain in use protects them against the harsh marine environment. Failure to repaint these cranes will cause deterioration and metal fatigue of vital components required to maintain their structure integrity, and lead to more costly repairs in the future. This work is also required in order to maintain the cranes' operating certification from CAL/OSHA.</p> <p>This project will finance the installation of a new forced sewer main from the Port's Amador Street pump station to DPW's manhole on Third Street. The Amador Street pump station will also be rebuilt as part of the project scope.</p> <p>The current forced sewer main is very old and breaks frequently causing backed-up drains in tenant spaces. In addition, the pump station is running at maximum capacity. Future increases in tenant effluent loads will likely overtax the system, and lead to increased failure of this sewer line. A new line will provide more dependable sewage service. Completion of the project will also allow the Port to increase the capacity of its sewer pumping system, and help the Port maximize the rental income from its facilities in this area.</p>
Amador Street Forced Sewer Main & Pump Station	\$450,000	\$1,000,000	<p>This project provides funding for greening and beautification projects and related improvements for sites located in the Southern Waterfront.</p> <p>On November 17, 2007 the Port Commission adopted a policy that established a Southern Waterfront Community Benefits and Beautification Fund, and a funding mechanism consisting of a revenue set aside from the collection of rent generated by new leasing in the area.</p> <p>To date, \$175,000 in funding has been provided for this project. \$300,000 is now needed to cover the Port's expected obligation generated by projected leasing activity in FY's 2010/11 &amp; 2011/12. Projects to be funded by this project include: i) planning and design of improvements to beautify the area at Third Street and Cargo Way; ii) a bike and pedestrian improvement pilot project for Cargo Way, iii) public art for the silos at Pier 90; and iv) improvements to Tulare Park. Funding is also provided for other greening and beautification projects for the southern waterfront as needed.</p> <p>The projects and improvements funded by this project will contribute to the quality of life for residents that live in communities that are adjacent to the Port's property in the Southeast part of San Francisco.</p>
Southern Waterfront Greening/Beautification Improvements	\$205,000	\$150,000	



**CAPITAL PROJECT BUDGETS (cont)**  
(Port Operating Fund Balance)

PROJECT NAME	FY 2010/11	FY 2011/12	DESCRIPTION
Southern Waterfront Open Space Enhancements and Alternative Energy	\$550,000	\$550,000	<p>This project provides funding for the development of new open spaces and improvements to existing open spaces located within the area of the southern waterfront that is the focus of the Port's Blue-Greenway planning process. Projects to be funded may likely include: i) improvements within the Pier 70 project area, Warm Water Cove Park, Islais Creek; ii) public art installation; and iii) detail design for pedestrian and bicycles improvements along Illinois Street and Cargo Way.</p> <p>Funding is provided for the design and construction of open space improvements, including forms of public art. Project funds may also be utilized to support alternative energy projects that meet guidelines outlined in the Port's lease agreement with Transbay Cable.</p>
Dredge Materials Testing – FYs 2010/11 and 2011/12 Programs	\$409,000	\$731,000	<p>This project will fund the testing of sediments to be dredged for chemical and biological contaminants. This project supports the Port's dredging activities scheduled for FYs 2010/11 and 2011/12.</p> <p>Environmental regulations require chemical and biological testing of the sediments in any area to be dredged in order to determine the amount (if any) of contaminants in the soil. Results of the testing are used to determine the proper disposal site.</p>
Maintenance Dredging – FYs 2010/11 and 2011/12 Programs	\$1,873,000	\$2,987,000	<p>This project will fund the Port's dredging activities scheduled for FYs 2010/11 and 2011/12. It will fund dredging at Piers 27 and 35, and other berths as needed. Maintenance dredging is necessary for the continued operation of Port maritime facilities. Dredging keeps berths and channels at navigable depths, including sites where the Port has contractual obligations with shipping lines and operators.</p>
Port ADA Transition Plan – Add'l Funding	\$150,000	\$200,000	<p>This project provides funding for physical improvements to the Port's public facilities to make them accessible to the disabled. Since FY 1998/99, \$1,983,961 has been appropriated for this project; almost all of which has been committed for specific ADA projects.</p> <p>Additional funds are now needed for the following: i) curb ramps and sidewalk improvements along the Embarcadero roadway, and in the Fisherman's Warf area; and ii) an exiting study to identify and report deficiencies in the Port's multi-tenant buildings that lack adequate means of accessible egress. Funding is also available for other accessibility repairs and improvements as needed.</p> <p>This project helps the Port meet its goal of making its facilities more accessible to Port tenants and the public.</p>





**CAPITAL PROJECT BUDGETS (cont)**  
**(Port Operating Fund Balance)**

PROJECT NAME	FY 2010/11	FY 2011/12	DESCRIPTION
Pier Structures Repair Project, Phase II - Add'l Funding	\$2,500,000	\$5,600,000	<p>This project funds engineering, permitting, inspection and repair of, or improvements to, the Port's deteriorated pier structures including substructures, superstructures, and marginal wharfs. Funds are also provided for labor and equipment as needed. Since FY 2007/08, \$3,014,500 has been appropriated for this project; almost all of which has been committed for pier repair projects.</p> <p>Additional funds are now needed for the following projects: i) long term repairs to Piers 90/92, ii) Piers 94/96 subsidence and seawall repair, iii) repairs to walls of Pier 80, Shed A, and iv) repairs to the Pier 9 north apron. Funding provided will also cover pier-related repairs at other facilities as required.</p> <p>Repairing the Port's pier structures is necessary to ensure: (i) the continued safe operation of the Port's pier superstructures and buildings, (ii) the preservation of lease revenues, and (iii) the extension of the economic life of the Port's pier and marginal wharf assets.</p>
Utilities Project - Add'l Funding	\$245,000	\$175,000	<p>This project provides funding for necessary utility repair and capacity related improvements to the utility infrastructure servicing various Port facilities. Utilities include electric power, lighting, telephone, gas, HVAC, water, electronic security, sewer and drainage service. This project also funds fire system certification, and needed repairs and improvements to fire and alarm systems at various facilities. Also included is funding for labor and equipment as needed to facilitate the repairs. Since FY 2003/04, \$3,014,500 has been appropriated for this project; almost all of which has been committed for specific utility projects.</p> <p>Additional funds are now needed for repairs to the HVAC systems at Piers 26 &amp; 28, and for upgrades to the gas service at Pier 28. Funding provided is also available for utility-related repairs at other facilities as needed.</p>
Waterfront Sewer Pump Project, Phase II - Add'l Funding	\$0	\$100,000	<p>This project provides funding for the purchase of electric motors, pump, and controls, and related parts &amp; supplies need to: i) repair sewer pumps currently in use along the Port's waterfront; and ii) build a set of backup sewer pumps.</p> <p>Many of the Port's sewer pumps are over 40 years old and beginning to fail. The Port's maintenance staff is constantly moving operating pumps between pump stations in order to maintain sewer service for our tenants and for restrooms located in public access areas. This project will help to make the Port's sewer system more dependable.</p> <p>\$100,000 was funded in FY 2009/10. An additional \$100,000 in funding will be needed in FY 2011/12 to continue the repair of the Port's pump stations and sewer pumps.</p>



**CAPITAL PROJECT BUDGETS (cont)**  
**(Port Operating Fund Balance)**

PROJECT NAME	FY 2010/11	FY 2011/12	DESCRIPTION
Leasing Capital Improvement Project – Add'l Funding	\$150,000	\$150,000	As part of lease negotiations with Port tenants, or potential tenants, it is sometimes necessary for the Port to make certain improvements to a facility in order to close a lease. This project provides funding for capital improvements needed as part of the leasing process. Improvements financed may include, but are not limited to, electrical and plumbing upgrades, roof repairs, HVAC, structural improvements, ADA upgrades, paving, and fencing.  To date, \$1,400,000 has been provided for urgent repairs to Pier 19/23 and site improvements to parcels located in the backlands area of the Southern Waterfront. \$300,000 in additional funding is now needed to fund capital improvements that may be needed over the next two years at various facilities as part of the leasing process.
Port Elevator/Escalator Upgrade, Repair and Replacement Project	\$400,000	\$500,000	This project provides funding for the repair, upgrade and replacement of the elevator and escalator systems located in various Port facilities. Included in the project scope are replacement of the control systems, as needed. Funds are also provided for labor and equipment as needed.  Most of the Port's elevator and escalator systems are old and in need of significant repair, upgrade; or, in some cases, replacement. In addition, some of the Port's systems do not meet current ADA standards for accessibility. The project will help ensure that the Port's elevators and escalators operate efficiently and safely. It will also bring the Port's elevator and escalators into ADA compliance, and will help ensure that the systems maintain their certification to operate.

Total Proposed Project Funding From Operating Fund Balance      \$9,557,000      \$12,543,000



**CAPITAL PROJECT BUDGETS**  
(G.O. Park Bond Funds)

PROJECT NAME	FY 2010/11	FY 2011/12	DESCRIPTION
Pier 43 Bay Link Trail – Add'l Funding	\$192,800	\$0	<p>This project provides funding for a new public promenade in Fisherman's Wharf. Funding is also provided for: i) the removal of the existing piers and sidewalk back to the seawall; ii) the repair of the seawall; and iii) shoreline protection.</p> <p>To date, \$7,650,000 has been appropriated for site inspection, design &amp; other soft costs, and construction of the promenade and related improvements. \$192,800 in remaining G.O. bond proceeds (to be received when the third sale of G.O. park bond is completed in the spring of 2011 2010?) are now needed to complete the construction of the new public promenade and related seawall repairs.</p>
Blue-Greenway Parks - Construction Portion	\$16,024,625	\$0	<p>The project provides funding for the construction of a series of open space improvements located in the Port's Southern Waterfront that were identified by the City's 2006 Blue Greenway Task force. Funding for the first phase of Blue-Greenway parks project (consisting of the planning, design, sizing and location of the open spaces) was funded by the companion Blue-Greenway Parks Projects Design project.</p> <p>Construction of Blue-Greenway open space improvements will benefit the City's Southern Waterfront neighborhoods, and continue public waterfront access into the Port's Southern Waterfront area.</p>

Total Proposed Project Funding - G.O. Park Bonds      \$16,217,425      \$0





**CAPITAL PROJECT BUDGETS**  
**(Port 2010 Revenue Bond Funds)**

PROJECT NAME	FY 2010/11	FY 2011/12	DESCRIPTION
Pier 27 Cruise Terminal (planning, design, etc.) – Add'l Funding	\$139,456	\$0	<p>This project provides funding for the planning and design of a new state of the art, sustainable, multi-use cruise terminal at Pier 27. Also included in the project is funding for the installation of equipment and related hardware needed to provide utilities for visiting ships.</p> <p>At its October 13, 2009 meeting the Port Commission approved appropriating \$10,000,000 in recently issued Port revenue bonds for this project (the \$10,000,000 appropriation was subsequently approved by the Board of Supervisors and signed by Mayor Gavin Newsom). During the process of issuing the 2010 Port revenue bonds (completed February 3, 2010) \$139,456 in additional bond funds became available for the Pier 27 cruise terminal project. This funding is now needed for additional costs associated with the project.</p>

Total Proposed Project  
Funding – Port 2010  
Revenue Bonds

\$139,456      \$0





## MEMORANDUM

February 4, 2010

**TO:** MEMBERS, PORT COMMISSION  
Hon. Rodney Fong, President  
Hon. Stephanie Shakofsky, Vice President  
Hon. Kimberly Brandon  
Hon. Ann Lazarus  
Hon. Michael Hardeman

**FROM:** Monique Moyer  
Executive Director

**SUBJECT:** Informational presentation regarding the annual update to the Port's 10-Year Capital Plan for Fiscal Years 2011-20

**DIRECTOR'S RECOMMENDATION:** Informational Only – No Action Required

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### Background

As required by the City's Administrative Code 2.30 – 2.31, Port staff updated its comprehensive 10-Year Capital Plan to address the Port's outstanding capital needs which is due to Mayor Gavin Newsom and the Board of Supervisors on March 1, 2010 and is expected to be adopted through Board of Supervisors legislation by May 1, 2010. As required, Port staff submitted a draft plan to the City's capital planning group in December 2009. The schedule of capital needs and funding sources included with the Port's draft plan submitted to the City is attached to this report. The Port's internal version of the 10-Year Capital Plan, which accompanies this staff report, is a more detailed version of the Port's draft submission to the City's FY 2011-20 Capital Plan.

### Overview

The Port's first 10-Year Capital Plan issued in spring 2006 demonstrated the magnitude of the Port's financial challenges and that dramatic, new strategies will be required to allow the Port to fulfill its maritime and land use missions.

Since that time, it has become increasingly clear that the major source of funding to reconnect the City with its waterfront envisioned by the Waterfront Land Use Plan – private equity – was insufficient to the task. Without new public sources of funding, private sector investment in the Port will not succeed in revitalizing the Port and its historic structures.

**This Print Covers Calendar Item No. 6C**





However, since 2006, Port staff and the Port Commission have been laying the groundwork for a new approach to financing waterfront improvements.

The proposed 10-year capital plan identifies a total need of approximately \$2.1 billion, primarily for deferred maintenance and seismic upgrade work required on Port facilities. This is \$100 million greater than the approximately \$2 billion identified in the Port's FY 2010-19 10-year Capital Plan. This increase is primarily the result of the 3.5% annual cost escalation used by the City and County of San Francisco (CCSF) and incorporated into this plan, as well as the fact that, while most of the 2009 costs went unfunded and became a part of the Port's backlog, a new year of renewal costs has been added to the plan, as it now captures 2020 costs.

The largest element of the Port's Plan is the rehabilitation and redevelopment of the heavily blighted Pier 70 area, with an estimated need of approximately \$650 million for that area. These costs include upgrading salvageable buildings, demolition of unsalvageable ones, environmental remediation, improvements to street and utility infrastructure, and construction of an open space park area near the water's edge.

Of the \$2.1 billion in total need, the Port has identified a total of \$688 million in funding including: Port tenant obligations, the Port's operating budget, revenue bonds, development projects, Infrastructure Financing District (IFD) bonds, General Obligation bonds, and the Water Resources Development Act of 2007. While Port staff hope that much of this work can be completed through private development, much of it must be completed with other sources of funding in order to attract private development interest and funding. The Port has developed policy options to address the unfunded portion of its plan including use of grant funds, tax increment financing, and potential private development options.

In November 2008, San Francisco's voters approved Proposition D which provides an option for the Board of Supervisors to capture 75% of the payroll and hotel tax increment generated by future Pier 70 development to help fund Pier 70's immense public infrastructure and improvements. As a precondition to accessing that funding, the Port must demonstrate that its lease revenues and property tax increment are insufficient to fund all public costs. Proposition D will also facilitate developing Pier 70 by reducing the entitlement risk associated with the number of discretionary approvals the Port's development projects must currently secure. Specifically, Proposition D allows the Board of Supervisors to waive the final approval of the Pier 70 lease if it approves the Pier 70 development plan and zoning at the outset of the project(s). However, each of these options will require significant staff time to develop and implement, and each will require support from the Port Commission and the City's policymakers.

At this time, the Port's revenue projections are based on the assumption that new private development at Seawall Lot 337 will result 1) in new lease revenues which will allow the Port to issue revenue bonds, as well as 2) an increased value to the property, which will allow the Port to issue IFD bonds. These assumptions would provide the Port with up to \$130 million in bond funds.



## **Summary of Changes – Financing Plan**

Last year's report to the Port Commission reflected a great deal of optimism about the first issuance of revenue bonds in more than two decades as well as the future IFD funding.

In contrast to last year's Capital Plan<sup>1</sup>, the FY 2011-20 Capital Plan reflects the uncertainty of the current real estate market. Specifically, while Port staff assumes that revenues and tax increment arising from development of SWL 337 will likely be realized before 2019, the Plan no longer assigns the projected \$65 million in tax increment debt proceeds arising from this development to specific uses. Furthermore, the projected revenue bond monies arising from the proposed development, also projected at \$65 million, are assigned to projects likely to occur later than 2015.

Another change is that the Port's capital plan now reflects a new federal source of funding, the Water Resources Development Act of 2007. While the Port was successful in seeking this authorizing legislation in 2007, it was not until the Fall of 2009 that appropriations against this authority began to flow to Port projects, with \$4.7 million going to assist the Brannan Street Wharf project. Following up on the success of 2009, Port staff have requested that the remaining \$20.2 million of that 2007 federal authority be appropriated in 2010 to commence Port capital projects at Piers 35 and 70.

Additionally, Port staff have requested a new federal authority in the currently pending Water Resources Development Act of 2010. While it remains unclear that this authorizing legislation will be completed before the conclusion of 111<sup>th</sup> Congress of the United States, this funding vehicle looks to be a promising one for the long term.

## **Conclusion**

The Port's 10-year capital plan continues to evolve since its inception four years ago. The Port has used the information that the plan generates to develop and implement several legislative and financing strategies to help redevelop the City's waterfront, fulfill its public trust mission, and reconnect the City with its waterfront. To that end, we have secured two significant pieces of state legislation: one that allows the City to capture tax increment from the Port's development projects and the other that lifted the public trust designation from some of the Port's seawall lots south of the Bay Bridge. We have also been successful in securing San Francisco voters support of \$33.5 million in General Obligation bonds to build waterfront parks. In addition, San Francisco's voters last year approved Proposition D that provides two new tools to develop Pier 70: (1) an option for the Board of Supervisors to approve a Pier 70 plan in lieu of individual lease approvals; and (2) an optional new financing tool that allows the Port to capture 75% of the payroll

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<sup>1</sup> Documents for the prior iteration of this report self-identify as for the period of "FY 2009-2018", a years-trailing designation. The Port's first 10-year capital plan preceded the City's, and while the Port began with a years-trailing designation, the City adopted the years-leading convention. The result has been that, since that time, the City and Port capital plans, while covering the same period of time, have been labeled differently. To avoid future confusion, beginning with this plan the Port has adopted the City convention of year's leading. While it may appear that there is a one-year gap between Port 10-year capital plans, going directly from a plan labeled "FY 2009-2018" to one labeled "FY 2011-2020", they are indeed successive annual iterations of the Port's plan.



and hotel tax increment generated by the Pier 70 development to help fund waterfront parks, marine terminals, environmental remediation, historic rehabilitation, and utility infrastructure.

Only days before the writing of this report, the Port issued its first revenue bond in 25 years. On top of this, the prospect of access to sources of federal funding on a scale not previously realized by the Port makes the coming year a very exciting one indeed.

Prepared by: Daley Dunham  
Legislative Programs, Grants





# **Port of San Francisco**



## **10-Year Capital Plan**

### **FY 2011-20 Update**



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All of the piers currently in use by the Port or Port tenants were originally constructed around 100 years ago. Of those, only nine have been rehabilitated since 1950, including AT&T Ballpark, the Ferry Building, Pier 1, Piers 1½, 3 & 5, Pier 27, Pier 39, Pier 45, Pier 48, and Pier 80. Most of the buildings atop the Port's piers are 40 to 100 years old, making many of them historically significant structures. In recognition of this significance, the National Park Service designated the northeast waterfront, from Pier 45 in the north to Pier 48, as the Embarcadero National Register Historic District. This district includes 20 historic piers as well as eight other structures of historic significance. The Pier 70 area also includes 35 buildings and many other features recognized to be of historical significance. The Port is in conversation with the State Office of Historic Preservation regarding the designation of a portion of the Pier 70 area as a National Register Historic District.

The Port commenced planning and design work on three park projects during 2009, including Bayfront Park, Pier 43 Bay Trail Link and Brannan Street Wharf. Additionally, planning and design work began for a renewed international cruise terminal at Pier 27 and the adjoining Northeast Wharf Plaza, a major new waterfront plaza along the Embarcadero; design and engineering of critical repairs to the superstructure and the substructure of Pier 35 (the Port's current primary cruise terminal); and planning, design and engineering for new industrial leasing pads on the Port's Pier 90-94 Backlands, among other capital projects.

The FY 2011-20 update of the Port's 10-year capital plan identifies a total need of approximately \$2.1 billion, primarily for deferred maintenance and seismic upgrade work required on Port facilities. This is approximately \$93 million greater than the approximately \$2 billion identified in the Port's FY 2010-19 update. This increase is largely the result of the 3.5% annual cost escalation used by the City and County of San Francisco (CCSF), which has been incorporated into this plan.

The City Charter requires all Departments of CCSF to generate a 10-year Capital Plan and update it annually. The City's capital planning program collates the submission of all departments annually into the City's Capital Plan. As required by City law, the Port submitted a draft FY 2011-20 Capital Plan update to the City in December of 2008. This report is a more detailed version of that submission.

A summary of the changes over the last year is as follows:

Changes in Dollars (in thousands)

FY 2010-2019 <sup>1</sup> Total	\$2,007,322
3.5% Cost Escalation	70,256
Roll in of Estimated FY 2020 Renewal Costs	56,983
Completed Work / Revised Cost Estimates	(33,921)
Total:	\$2,100,640

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<sup>1</sup> See footnote 2.



Of the \$2.1 billion in total need, the Port has identified a total of \$688 million in funding including: Port tenant obligations, the Port's annual operating budget, revenue bonds, development projects, Infrastructure Financing District bonds, General Obligation bonds, and the Water Resources Development Act of 2007. The largest element of the Port's Plan is the rehabilitation and redevelopment of the heavily blighted Pier 70 area, with an estimated need of approximately \$650 million for that area. These costs include upgrading salvageable buildings, demolition of unsalvageable ones, environmental remediation, improvements to street and utility infrastructure, and construction of an open space park area near the water's edge. While Port staff hopes that much of this work can be completed through private development, much of it must be completed with other sources of funding in order to attract private development interest and funding.

The Port has developed policy options to address the unfunded portion of its plan including use of grant funds, tax increment financing and potential private development options. In November 2008, San Francisco's voters approved Proposition D which provides an option for the Board of Supervisors to capture 75% of the payroll and hotel tax increment generated by future Pier 70 development to help fund Pier 70's immense public infrastructure and improvements. As a precondition to accessing that funding, the Port must demonstrate that its lease revenues and property tax increment are insufficient to fund all public costs. Proposition D will also facilitate developing Pier 70 by reducing the entitlement risk associated with the number of discretionary approvals the Port's development projects must currently secure. Specifically, Proposition D allows the Board of Supervisors to waive the final approval of the Pier 70 lease if it approves the Pier 70 development plan and zoning at the outset of the project(s). However, each of these options will require significant staff time to develop and implement, and each will require support from City's policymakers.

In contrast to last year's Capital Plan, the FY 2011-20 Capital Plan reflects the uncertainty of the current real estate market. Specifically, while Port staff assumes that revenues and tax increment arising from development of SWL 337 will likely be realized before 2019, the Plan no longer assigns the projected \$65 million in tax increment debt proceeds arising from this development to specific uses. Furthermore, the projected revenue bond revenues arising from the proposed development, also projected at \$65 million, are assigned to projects likely to occur later than 2015.

As the Port focuses on delivery of revenue bond and general bond funded projects over the next five years of the Plan, it is clear that the Port must leverage currently available sources of land-based finance (revenue bonds, infrastructure financing districts, community facility districts) with other sources of public and private funding to gap-finance its projects. This strategy will strengthen the Port's balance sheet in preparation for major projects at SWL 337 and Pier 70 that will require the Port to take on substantial new debt envisioned by the Capital Plan. Toward that end, Port staff is aggressively pursuing federal funding, including \$20 million in U.S. Army Corps of Engineers funding authorized by Congress in the Water Resources Development Act but not yet appropriated to specific projects.



The Port's recent ability to utilize the public resources of Infrastructure Finance Districts and other tax increment financing facilitated by Proposition D, private development on SWL 337 enabled by SB 815, inclusion of Port parks in a City General Obligation Bond, and federal funding of waterfront projects constitutes a beginning to a more financially sound and sustainable Port of San Francisco.





## II. Summary of Changes

A summary of the changes over the last year is as follows:

### Changes in Dollars (in thousands)

FY 2010-2019 <sup>2</sup> Total	\$2,007,322
3.5% Cost Escalation	70,256
Roll in of Estimated FY 2020 Renewal Costs	56,983
Completed Work / Revised Cost Estimates	(33,921)
Total:	\$2,100,640

Broken down by Port region, capital need increased across the Port as follows:

### Change in Capital Need, by Region (in thousands)

<u>Port Region</u>	<u>FY10 Total</u>	<u>FY11 Total</u>	<u>Difference</u>	<u>Increase</u>
China Basin	\$134,827	\$140,544	\$5,717	4.24%
Ferry Building	90,827	93,867	\$3,040	3.35%
Fishermans Wharf	107,810	113,514	\$5,704	5.29%
Northeast Waterfront	391,914	399,711	\$7,797	1.99%
Portwide	323,658	353,878	\$30,220	9.34%
South Beach	310,296	321,647	\$11,351	3.66%
Southern Waterfront	647,990	677,479	\$29,489	4.55%
	\$2,007,322	\$2,100,640	\$93,318	4.65%

For purposes of this plan, the Port treats piers and wharves collectively as infrastructure. The treatment of these structures then, as a group, is similar to how a city would treat a system of utility mains. Instead of maintaining each piece of the system individually, an amount of funding is programmed each year to repair or replace elements that become damaged by external events, as well as elements that become the weakest part of the overall system. This is in part because infrastructure elements, unlike building subsystems (electrical systems, HVAC systems) are not mechanical in nature, and thus have a much longer lifespan. In addition, because of these long life spans, differential wear-and-tear of the Port's substructure elements is difficult to predict.

As the Port was not able to commit any capital funds to pier and wharf substructure renewal over the past year, the schedule this year reflects the 2008 and 2009 investment amounts, \$44.28 million, as part of the 2010 backlog. Until such time as the Port is in a

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<sup>2</sup> While this reference to the prior year's 10-year Capital Plan reads as "FY 2010-2019", which is a years-leading designation, the documents for the prior iteration of this report self-identify as for the period of "FY 2009-2018", a years-trailing designation. The Port's first 10-year capital plan preceded the City's, and while the Port began with a years-trailing designation, the City later adopted the years-leading convention. The result has been that, since that time, the City and Port capital plans, while covering the same period of time, have been labeled differently. Beginning with this plan, the Port has adopted the City convention of year's leading. While it may appear that there is a one-year gap between the Port 10-year capital plans, going directly from a plan labeled "FY 2009-2018" to one labeled "FY 2011-2020", they are indeed successive annual iterations of the Port's plan.



position to commit funding to this line item, that backlog will continue to grow in successive years. This movement of the 2009 foregone capital expenditure into backlog is reflected in the increase of 9.34% in the "Portwide" line item above.





### III. Schedule of Expenses / Needs Assessment

## Port Facilities and Infrastructure

### Projected 10-Year Additional Need

Facility / Program Needs Facilities, by Region	Backlog	2011					2012					2013					2014					2015					2016-20					Total 10- Year Need	
		2011					2012					2013					2014					2015					2016-20						
Fisherman's Wharf	84,998	262	654	2,104	10,355	879	14,262	113,514																									
Northeast Waterfront	353,267	500	361	0	11,727	3,083	30,773	399,711																									
Ferry Building Area	79,878	254	0	698	4,743	0	8,294	93,867																									
South Beach	311,165	0	637	3,477	233	943	5,192	321,647																									
China Basin	132,368	0	0	0	1,722	843	5,611	140,544																									
Southern Waterfront	609,986	25	2,156	0	951	3,536	60,825	677,479																									
Portwide Misc.(Equipment, ADA Plan)	13,688	0	0	0	0	0	0	13,688																									
Subtotal:	1,585,350	1,041	3,808	6,279	29,731	9,284	124,957	1,760,450																									
<b>Portwide Annual Programs</b>																																	
Dredging		3,504	3,504	3,504	3,504	3,504	17,520	35,040																									
Facility Condition Survey		350	350	350	350	350	1,750	3,500																									
Emergency Facility Repair		1,168	1,168	1,168	1,168	1,168	5,840	11,680																									
Special Area Plan		1,101	1,101	1,101	1,101	1,101	5,505	11,010																									
Pier/Wharf Substructure Reinvestment	44,280	23,468	23,468	23,468	23,468	23,468	117,340	278,960																									
Subtotal:		29,591	29,591	29,591	29,591	29,591	147,955	340,190																									
<b>Total Additional Need:</b>		<b>30,632</b>	<b>33,399</b>	<b>35,870</b>	<b>59,322</b>	<b>38,875</b>	<b>272,912</b>																										

Total Cumulative Need: 1,629,630 1,660,262 1,693,661 1,729,531 1,788,853 1,827,728 2,100,640

<u>Funding Sources</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016-20</u>	<u>Total</u>
Port Tenant Responsibility						76,340	76,340
Port Funds	9,000	14,463	27,500	7,500	7,500	37,500	103,463
Port Revenue Bonds		9,342	23,500	68,877		62,281	164,000
Development Projects		68,000				12,500	80,500
Infrastructure Finance District						205,000	205,000
General Obligation Bonds	13,700		19,800				33,500
Water Resources Development Act	<u>4,500</u>	<u>20,500</u>					25,000
<b>Total Additional Funding:</b>	<b>27,200</b>	<b>112,305</b>	<b>70,800</b>	<b>76,377</b>	<b>7,500</b>	<b>393,621</b>	

Total Cumulative Funding:

27,200 139,505 210,305 286,682 294,182 687,803

Balance:

(1,633,062) (1,554,156) (1,519,226) (1,502,171) (1,533,546) (1,412,837)



Just over \$1 billion, or approximately 50% of the overall need identified in the Port's 10-year capital plan, addresses renewal and repair of existing facilities or deferred maintenance. Of the \$688 million that the Port proposes to fund in the 10-year capital plan, approximately \$333 million are allocated to renewal projects.

Much of this consists of funds to address the Port's facility-specific backlog, largely non-seismic substructure pier and building repairs. Also included are street resurfacing and sewer repair projects. Some of these repairs will be funded by Port tenants as required in their leases. Other repairs will be covered by the Port through its annual operating budget. Some of the balance will be covered by development projects and Port revenue bonds, discussed in detail in the subsequent Enhancement Program sections.

The Portwide Annual Programs that are funded in the Port's annual capital budgets include (1) dredging of the bay floor along the waterfront, which maintains the depth of the berths at the Port's piers so that they remain suitable for water traffic, (2) facility condition surveys, which allow the Port to evaluate the state of the Port's structures on a continuous basis and in an organized manner, and (3) emergency facility repair, a set-aside of funds for unforeseen situations, available for the most pressing capital needs in subsequent years if the programmed year remains emergency-free.

The Port funds various open space improvements or mandated mitigations (such as the Brannan Street Wharf at Pier 36) under the Special Area Plan Open Space program as funding opportunities become available. The Port proposes to fund part of these projects with land sale proceeds, Port operating revenues, and General Obligation bond funds.

Because of the sheer magnitude of the Port's remaining Annual Program, the Pier/Wharf Substructure Reinvestment program, for the moment, receives little, if any, funding. The Port should reinvest back into the Port's pier substructures 0.75% of the value of those substructures, each year<sup>3</sup>. Unfortunately, because of the cost to do so, the Port has been unable to make the necessary investments to maintain the Port's substructures in good repair.

For a detailed breakdown of costs in the schedule above, see Appendix A to this report. A further breakdown of projects within each building is available upon request.

It is important to note that, as with prior reports and in keeping with capital planning convention, the backlog costs have been estimated in 2010 dollars, and are not escalated to the anticipated project date.

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<sup>3</sup> The level of need is calculated based on the cyclical replacement of portions of pier substructures, based on construction type and exposure to tidal action. For example, Port engineers estimate that the Port should rehabilitate 15% of the Port's pre-1920's era concrete piers every 20 years.





#### **IV. Proposed Funding**

Port staff proposes -- and the Port Commission will eventually make decisions regarding -- a total investment of \$688 million in the ten-year capital plan. These investments consist of \$164 million in Port Revenue Bonds, \$205 million in Infrastructure Finance District (IFD) Bonds, \$33.5 million in General Obligation Bonds, \$25 million in federal funding from the Water Resources Development Act of 2007, funds from the Port's operating budget, and private funds from Port tenant obligations and proposed development partners.

These sources will fund improvements, including many seismic upgrades, to the following Port facilities: the Pier 27 Cruise Terminal and the Northeast Wharf Plaza; the Pier 35 Cruise Terminal; industrial leasing pads on the Pier 90-94 Backlands; improvements to Pier 33, the Port's Maintenance Facility; Piers 19 and 23; the Agriculture Building; Piers 15 & 17, where the Exploratorium is planning to relocate, pending major renovation; Wharf J9; and Piers 9 and 33; and various open space improvements along the waterfront.

The proposed \$688 million in funding over the next ten years is \$38 million more than the \$650 million proposed in last year's 10-year Capital Plan. This difference is primarily due to inclusion for the first time of a new source of federal funding, the Water Resources Development Act of 2007, which will provide \$25 million during the first half of this plan. Additionally, Development Project sources were increased by \$12.5 million to reflect rehabilitation of Pier 48 that is expected to accompany eventual development at SWL 337. Minor adjustments to other sources of revenue were offsetting.

#### **Port Revenue Bond Projects**

The Port anticipates issuing up to \$164 million in revenue bonds by FY 2018-19. Structures were selected by Port staff for Revenue Bond funding based on whether or not the facility (1) is currently profitable, (2) has the potential to be more profitable, because it is under-utilized, (3) has potential to be more profitable, because it has a lease set to expire in the next 10-years, allowing the Port to improve the property and increase rents once the property is ready to be re-leased, or (4) is critical to supporting the Port's operations. The \$99 million in projects to be funded under Base Port Revenues reflects an optimal level of revenue bond financing; commercial real estate market conditions will need to improve to achieve this level of debt capacity. The actual revenue bond will depend on the amount of Port revenues available at the time of issuance to repay the debt, interest rates, and on policies adopted by the Port Commission.

Based on these criteria, subject to approval of policy makers, Port staff proposes to make improvements to the following Port facilities with Port revenue bond funds:





## Port Revenue Bond Projects (Including Other Related Sources)<sup>1</sup>

Project	Series 2010 Revenue Bonds <sup>2</sup>	Port Revenue Bonds	Other Related Sources	SWL 337 Revenue Bonds <sup>3</sup>	Total
Pier 27 Cruise Terminal & Northeast Wharf Plaza	\$10,000,000	\$15,000,000	\$35,000,000 <sup>4</sup>		\$60,000,000
Pier 35 Cruise Terminal	5,500,000	7,500,000	15,000,000 <sup>5</sup>		28,000,000
Piers 90-94 Backlands	8,000,000				8,000,000
Pier 19 or 23	2,000,000	18,000,000	40,000,000 <sup>6</sup>	25,000,000	85,000,000 <sup>7</sup>
Pier 19 Roof	3,500,000				3,500,000
Pier 33	2,000,000			10,000,000	12,000,000
Pier 50	1,500,000	18,500,000			20,000,000
Agriculture Building				5,000,000	5,000,000
Pier 9				25,000,000	25,000,000
Wharf J9		5,500,000			5,500,000
Rail Improvements		2,000,000			2,000,000
<b>Total</b>	<b>\$32,500,000</b>	<b>\$66,500,000</b>	<b>\$90,000,000</b>	<b>\$65,000,000</b>	<b>\$254,000,000</b>

### Notes:

- 1 Subject to actual debt capacity, as well as Port Commission, Mayor and Board of Supervisors approval.
- 2 Reflects appropriations from the sale of Port Series 2010 Revenue Bonds issued February 3, 2010.
- 3 Reflects funding for historic resources in the Embarcadero Historic District pursuant to the requirements of SB 815.
- 4 Other funding for the Pier 27 Cruise Terminal includes \$20,000,000 in funding from the sale of Watermark Condominiums on Seawall Lot 330. Projected sources of revenue to finance the remaining \$15 million in project costs include Port security grants, event revenues, passenger facility charges and/or retail revenues.
- 5 Other funding for the Pier 35 Cruise Terminal includes (proposed) federal appropriations pursuant to the 2007 Water Resources Development Act approved by Congress.
- 6 Other funding for the Pier 19 or 23 project includes funding from the following possible sources: lease revenues, IFD revenues, federal historic tax credits, and private equity.
- 7 Total projects costs for a mixed use, adaptive reuse project at either Pier 19 or 23 are estimated at \$85 million, based on a Pier 1-style physical build-out (but assuming a Pier 9 mix of uses). This project is dependent on developing a financially-feasible mixed use program consisting of interim non-trust and public trust uses. Alternately, the Port could invest \$20 million in Port revenue bond funding in the substructure of one of these two piers.

### Project Descriptions:

- **Pier 27 Cruise Terminal Project** - On September 27, 2007, the Port Commission accepted the Cruise Terminal Advisory Panel's recommendation to re-locate the Port's primary cruise terminal from Pier 35 to Pier 27 because it is the most cost-effective location. The Port currently has \$29.3 million available to make the necessary improvements at Pier 27 to accommodate a renewed cruise terminal -- substantially less than the estimated \$60 million project cost estimate. The Port proposes to allocate an additional \$15 million in Port revenue bond proceeds to help cover the shortfall for a total of \$44.3 million available for the cruise terminal project. The Port is also undergoing an engineering evaluation to evaluate project cost alternatives and phasing opportunities based on detailed design and engineering plans. The Port is seeking federal port security funding to fund security upgrades to the facility (a strategy successful in funding upgrades to Pier 35). Finally, the Port intends to use the cruise terminal as event space during



non-cruise days and include retail uses to generate revenues that could be used to help cover funding shortfalls.

- ***Pier 35 Cruise Terminal*** – To continue the Port's cruise business, which currently consists of approximately 45-65 cruise calls per year, the Port of San Francisco requires at least two cruise berths. Pier 35 is currently the Port's primary cruise terminal and will continue in service after Pier 27 re-opens. In 2009, Port engineers conducted a facility assessment of Pier 35 and found that urgent repairs are needed to the pier superstructure to keep the facility open. Thus, the Port allocated \$5.5 million of the Series 2010 revenue bonds to fund immediate facility repairs. Additional substructure repair and seismic improvements are required to keep the facility operational. Port staff has submitted a request for \$15 million in federal funding pursuant to the 2007 Water Resources Development Act to finance these improvements, which will require a 1/3 local match. Port staff proposes revenue bond funding to supply this match.
- ***Pier 90-94 Backlands***: The Port's largest unleased area of Port property is the Pier 90-94 Backlands, an area of unengineered fill not suitable for commercial buildings without the inclusion of costly pile supported foundations. The Series 2010 revenue bonds include \$8 million in funding for new road and utilities to support new leasing plots that are planned for the site. The current bond allocation is for design and construction costs. The Port has had a conceptual engineering design completed for this project by KCA Engineers. DPW staff is currently developing construction documents. Port staff expects the design will be completed by the end of 2010, and the project will be advertised for bids sometime in spring of 2011. Construction is expected to be completed by the end of 2011.
- ***Piers 19 and 23***: These piers are located near one another in the northern waterfront. They require repairs and seismic upgrades and are currently without any long-term leases. The Series 2010 revenue bonds include \$3.5 million to repair the Pier 19 roof to enable continued interim leasing of that facility. The Pier 19 bulkhead is also a potential location to co-locate emergency response facilities which could include a marine fire station, marine police units, and other agency facilities. The Series 2010 revenue bonds also include \$2 million in design funding for further improvements to either Pier 19 or Pier 23.

Port staff envisions a mixed use development project at either Pier 19 or 23, subject to approval by the Port Commission, the Mayor, and the Board of Supervisors. Staff projects that the cost of a mixed use, adaptive reuse project at either Pier 19 or 23 would be \$85 million, based on certified costs to construct Pier 1 and construction cost inflation since Pier 1 opened. This project is dependent on developing a financially-feasible mixed use program consisting of interim non-trust and public trust uses, consistent with a proposed interim leasing policy for Port historic structures pending Port Commission consideration. Other





funding for the Pier 19 or 23 project would include funding from lease revenues, IFD revenues, federal historic tax credits, and private equity.

In lieu of a mixed use development project, the Port could invest \$20 million in Port revenue bond funding in the substructure of one of these two piers.

- **Pier 33:** This project will build elevator and other accessible features and a bathroom to create a leasable space in the Pier 33 Bulkhead. The Series 2010 revenue bond allocation is for construction costs. The project is currently in the design phase with construction expected to commence during the fall of 2010 and be completed by August 2011.
- **Agriculture Building:** Located in the Ferry Building Area of the Port, the brick building south of the Ferry Building is currently leased through short-term leases for office space and Amtrak's San Francisco ticketing office. The Port is developing a plan to determine possible new uses for the Agriculture Building, as well as costs to renovate the facility to accommodate the new uses. The Port proposes to allocate \$5 million in SWL 337 revenue bonds to help cover repairs and seismic upgrades.
- **Northeast Waterfront Piers - Piers 9 and 33:** In 2007, the State legislature adopted legislation (SB 815) that allows for more varied development on some of the Port's seawall lots, and allows the Port to enter into lease terms of up to 75 years (the prior maximum had been 66 years). The legislation also restricts the use of new revenue growth generated by seawall lot leases to 1) repair and seismic upgrades of historic facilities and 2) construction of open spaces required by the Special Area Plan. Seawall Lot 337 is the first development affected by the new legislation. The additional annual income associated with SWL 337 development will help the Port to leverage up to, roughly, \$65 million in municipal bonds. Port staff recommend Piers 9 and 33 to be the recipient of some of these revenue bond funds (Piers 19-23 and the Agriculture Building to receive the balance), which will go toward seismic upgrades and long-deferred repairs.
- **Rail Improvements:** To enhance Port and Port tenant freight rail access, Port staff proposes a \$2 million investment in freight facilities serving the Port, including the Quint Street lead.
- **Pier 50:** Located in China Basin, on Terry Francois Blvd south of AT&T Ballpark, Pier 50 houses the Port's maintenance facility. The estimated capital need over the next 10 years totals \$50 million; the Port proposes to allocate \$20 million in revenue bond funds to seismically upgrade and repair the areas of the pier's substructure in the worse condition.
- **Wharf J9 Repairs:** The Port needs to replace the Wharf J-9 seawall that is required to continue use of the adjoining leased facilities for which the Port proposes to allocate \$5 million in revenue bonds.



## General Obligation Bond Projects

In February 2008 San Francisco voters approved a \$185 million General Obligation bond for park and open space improvements, of which \$33.5 million has been allocated to fund or partially fund Port open space improvements across the Port's waterfront. Port projects include: a promenade at Pier 43½ in Fisherman's Wharf; the Brannan Street Wharf Park in South Beach; Bayfront Park in the Port's China Basin region; and, in the Port's Southern Waterfront, Crane Cove Park, Warm Water Cove Park, Islais Creek, and an entrance to Heron's Head Park. In FY 2009-10, using \$3.1 million of the first bond issuance the Port initiated planning and design efforts for these projects. Because the liability has not yet been removed from the capital needs side of the ledger, the 10-year Capital Plan includes the full balance of \$33.5 million for these projects.

### Total G.O. Bond Park Funding Allocated to Port Projects

<u>Port Area</u>	<u>Proposed Park</u>	<u>Project</u>	<u>G.O. Bond Funding</u>
Fisherman's Wharf	Pier 43½ Park	Pier 43½	\$9,000,000
South Beach	Brannon Street Wharf Park	Brannon St. Wharf	3,000,000
China Basin	Bayfront Park	Blue Greenway Project	21,500,000
Southern Waterfront	Crane Cove Park		
	Warm Water Cove Park		
	Islais Creek		
	Heron's Head Park Entrance		
		<b>Total:</b>	<b>\$33,500,000</b>

## Development Projects

The Port's development projects are public-private partnership projects in which a developer enters into a lease of up to 66 years with the Port for property, secures financing and is responsible for project delivery. The Port expects the Pier 15-17 development project to begin construction in the next five years. As previously noted, cost estimates included in this Plan include only repair and replacement costs and seismic upgrades the Port would need to conduct in order to continue operating these facilities for current uses. The description below includes enhancements The Exploratorium is making to facilities to change their use; these changes go beyond the repairs, replacements, and seismic upgrades identified in the Port's 10-year capital plan, and so their costs are not included below:

- **Piers 15-17:** The Board of Supervisors and Mayor Gavin Newsom have approved a Lease Disposition and Development Agreement and Lease with The Exploratorium to renovate Piers 15-17 and relocate The Exploratorium museum there from its current location at the Palace of Fine Arts. During the past several years, the museum has been looking for a new home to accommodate its





expanding needs. The Exploratorium will lease Pier 15 under a long-term lease and develop it for museum and ancillary uses, with the idea of expanding into Pier 17 in later years. Piers 15 and 17 are located in the Northeast Waterfront on The Embarcadero at Green Street. The most recent estimates for development of this facility include \$175 million from The Exploratorium.

- **SWL 337:** Following extensive public input and a first-round Request for Qualifications phase, the Port Commission has awarded a Request for Proposals for the development of an approximately 16 acre site immediately south of AT&T Park. The selected development team, SWL 337 Associates, LLC, proposes an urban mix of uses which may include office, rental residential and retail plus more than 5 acres of open space. The Port and development team are currently working on terms for an Exclusive Negotiation Agreement. The developer has stated order of magnitude project costs at \$1 billion with total infrastructure costs estimated at approximately \$200 million.
- **SWL 351:** In 2008, the Port sought development proposals for a 2/3 of an acre site at the Embarcadero and Washington Streets along the Ferry Building Waterfront that is currently a surface parking lot. On February 24, 2009, the Port Commission authorized exclusive negotiations with San Francisco Waterfront Partners to combine the site with the adjacent tennis club property for a 3 acre mixed use project with a rebuilt recreation club, condominiums, restaurants, retail and a new public park. The developer proposes that the Port will receive land rent from the project of \$500,000 a year and the developer would incur all capital and operating costs. This project is subject to a public planning process to refine the development parameters. This process is currently underway.

### **Port Infrastructure Financing District (IFD)**

In 2005 the State adopted legislation that allows the City to create an Infrastructure Financing District (IFD) within the Port's jurisdiction. This alternative method of collecting property tax increment is a useful financing tool for the Port. The Port anticipates having a total of \$205 million in IFD Bond funds available for a variety of projects, including Pier 70 improvements and other southern waterfront improvements. While some IFD Bond funding will be used by the Port for independent rehabilitation of facilities, other IFD Bond funds will be used as the Port's investment in larger public-private developments. As described below, the Port intends to dedicate \$140 million of these bond proceeds to Pier 70. In contrast to the last year's Capital Plan, Port staff does not propose to allocate \$65 million IFD bond proceeds that will arise from development of SWL 337.

**Pier 70 Development (Southern Waterfront):** The Capital Plan identifies a total of approximately \$545 million related to the Pier 70 complex including: environmental remediation, constructing and reconstructing streets, sidewalks, street lighting, and sewer and water system, open space development, historic building preservation and reuse of a portion of the site, principally along the main 20th Street stretching to the waterfront.





Long a ship-building and ship-repair site, Pier 70 now houses the most important collection of historic industrial buildings west of The Mississippi. Unfortunately, owing to age, type of construction, deterioration, lack of code compliance and absence of site utilities and other infrastructure, approximately half of the over 40 buildings on the site are vacant or underutilized.

The Capital Plan program for Pier 70 envisions bringing most of the historic buildings and artifacts (fences, cranes) up to current code, repairing or replacing all building utilities and building systems, but not adding new square footage. Work would be done to meet the standards of the U.S. Secretary of the Department of Interior in keeping with the buildings' eligibility for the National Register of Historic Places.

The Port's 10-year capital plan programs \$140 million in IFD Bond funds to cover Pier 70 infrastructure costs, which consist of \$40 million to construct streets, sewers, water mains, sidewalks, and street lighting, approximately \$30 million to conduct environmental clean-up, \$20 million to make needed open space improvements, and \$50 million to repair and upgrade wharves and piers. The Port should be better able to redevelop Pier 70 to viable reuses if it can invest growth in tax revenues from new investment in the project.

The Port is finalizing a Pier 70 Preferred Master Plan that includes: 1) a survey of the historic resources and identification of adaptive reuse options, and 2) an economic and planning feasibility analysis with development options for Pier 70. Staff expect to complete this master plan by Spring 2010 and, with Port Commission approval, to issue a development RFI for Pier 70 in Spring 2010. This plan includes 3 million square feet of new construction, largely on unbuilt or underutilized parcels, and estimates the ground rent and new tax revenues projected from this development. The financial analyses for the Pier 70 Master Plan address similar capital costs and revenue sources as the Capital Plan, but are more detailed regarding Pier 70 specific issues, including use of growth in payroll taxes for specific project costs.

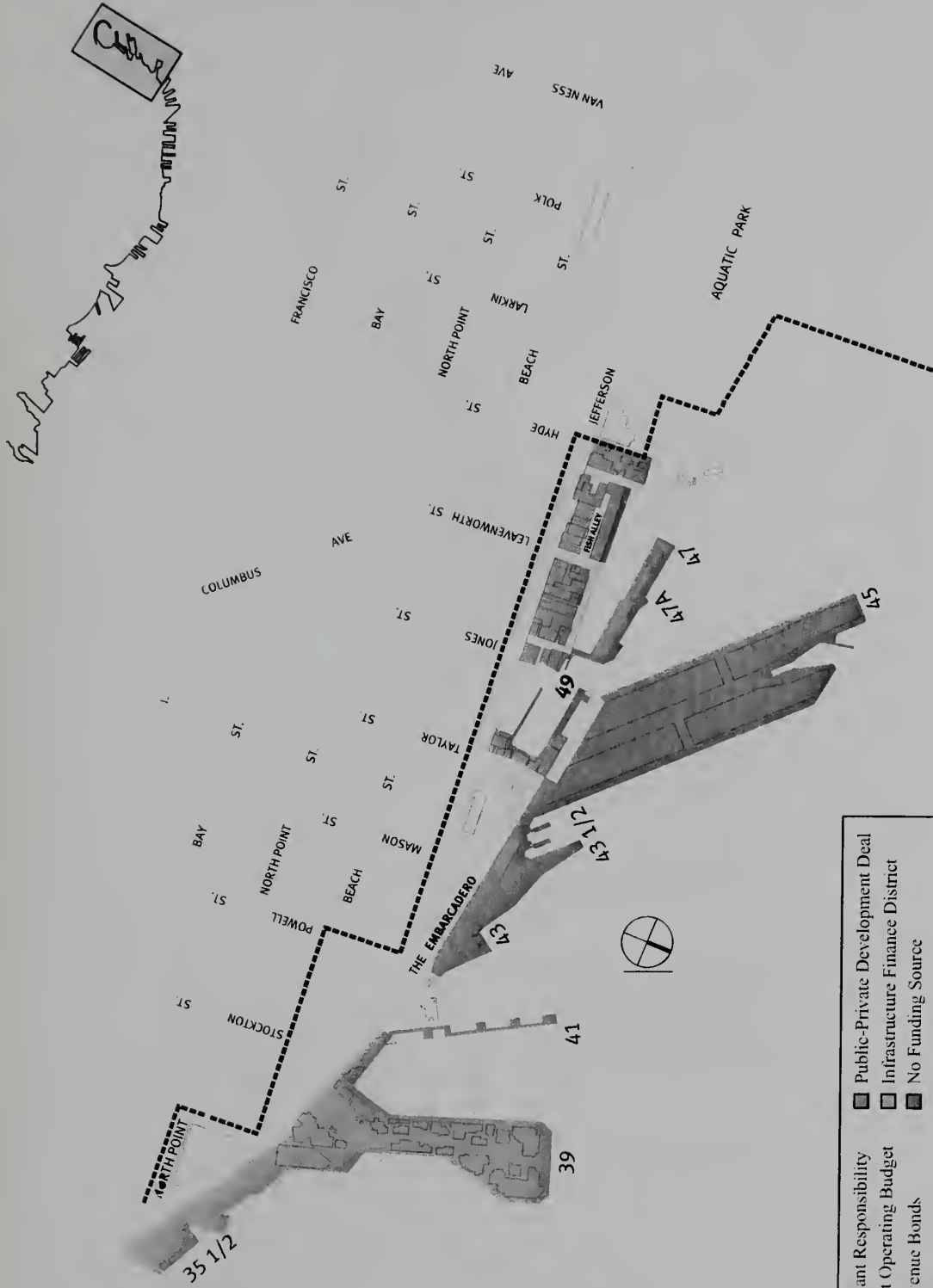


[INSERT MAP 1]  
Fisherman's Wharf





# Fisherman's Wharf

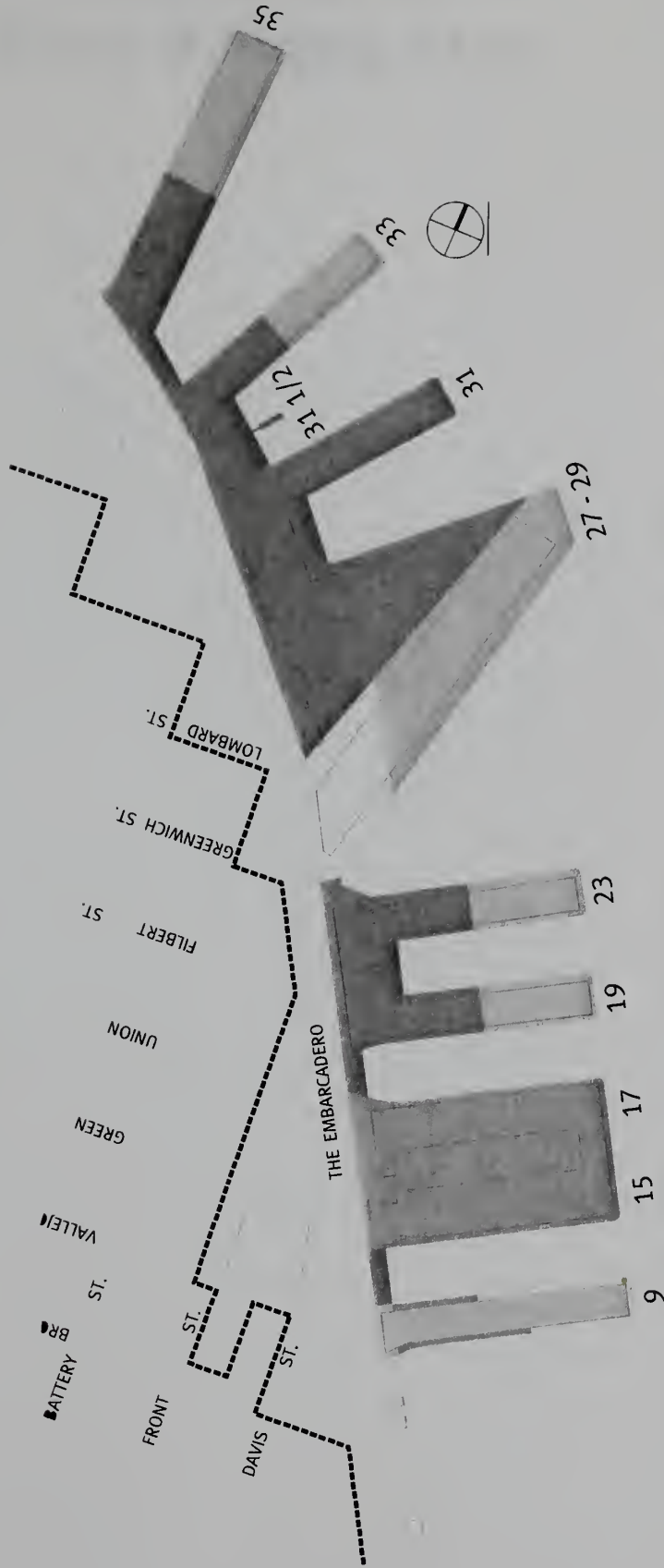
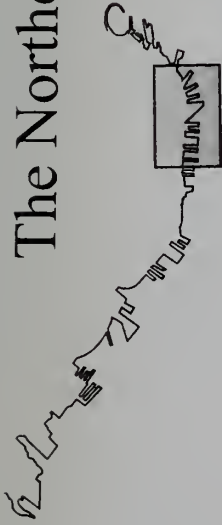




[INSERT MAP 2]  
Northeast Waterfront



# The Northeast Waterfront



■	Tenant Responsibility	■	Public-Private Development Deal
□	Port Operating Budget	□	Infrastructure Finance District
■	Revenue Bonds	■	No Funding Source
■	General Obligation Bonds		

SAN FRANCISCO BAY

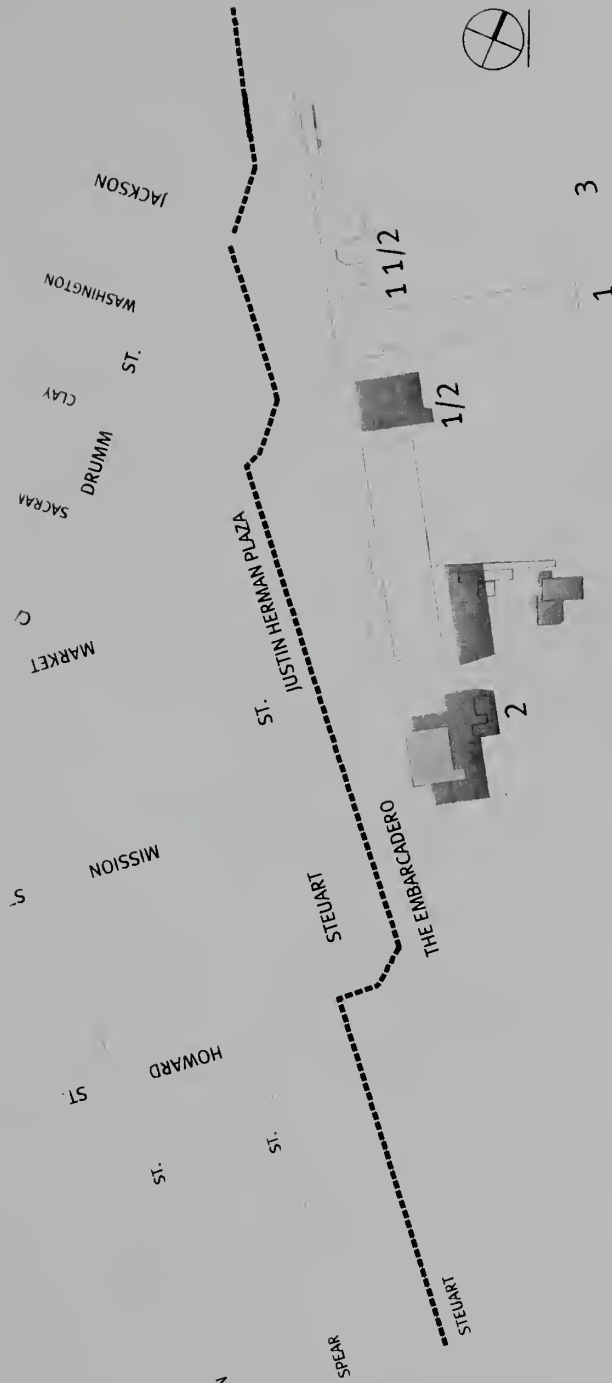
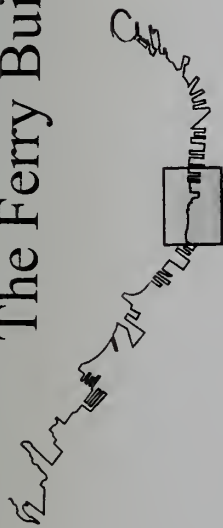




[INSERT MAP 3]  
Ferry Building Area



# The Ferry Building Area



<input checked="" type="checkbox"/> Tenant Responsibility	<input checked="" type="checkbox"/> Public-Private Development Deal
<input checked="" type="checkbox"/> Port Operating Budget	<input checked="" type="checkbox"/> Infrastructure Finance District
<input checked="" type="checkbox"/> Revenue Bonds	<input checked="" type="checkbox"/> No Funding Source
<input checked="" type="checkbox"/> General Obligation Bonds	

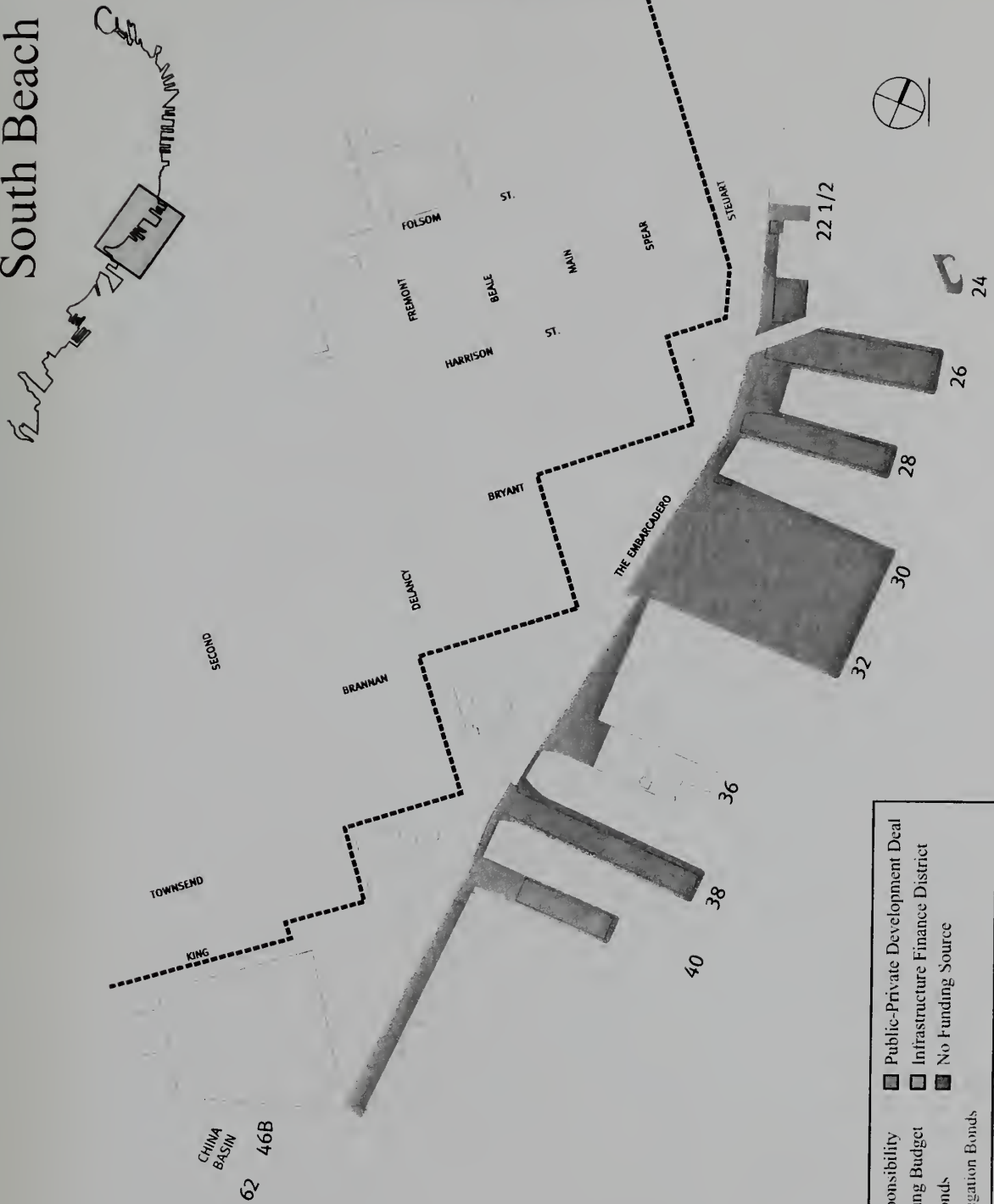




[INSERT MAP 4]  
South Beach



# South Beach

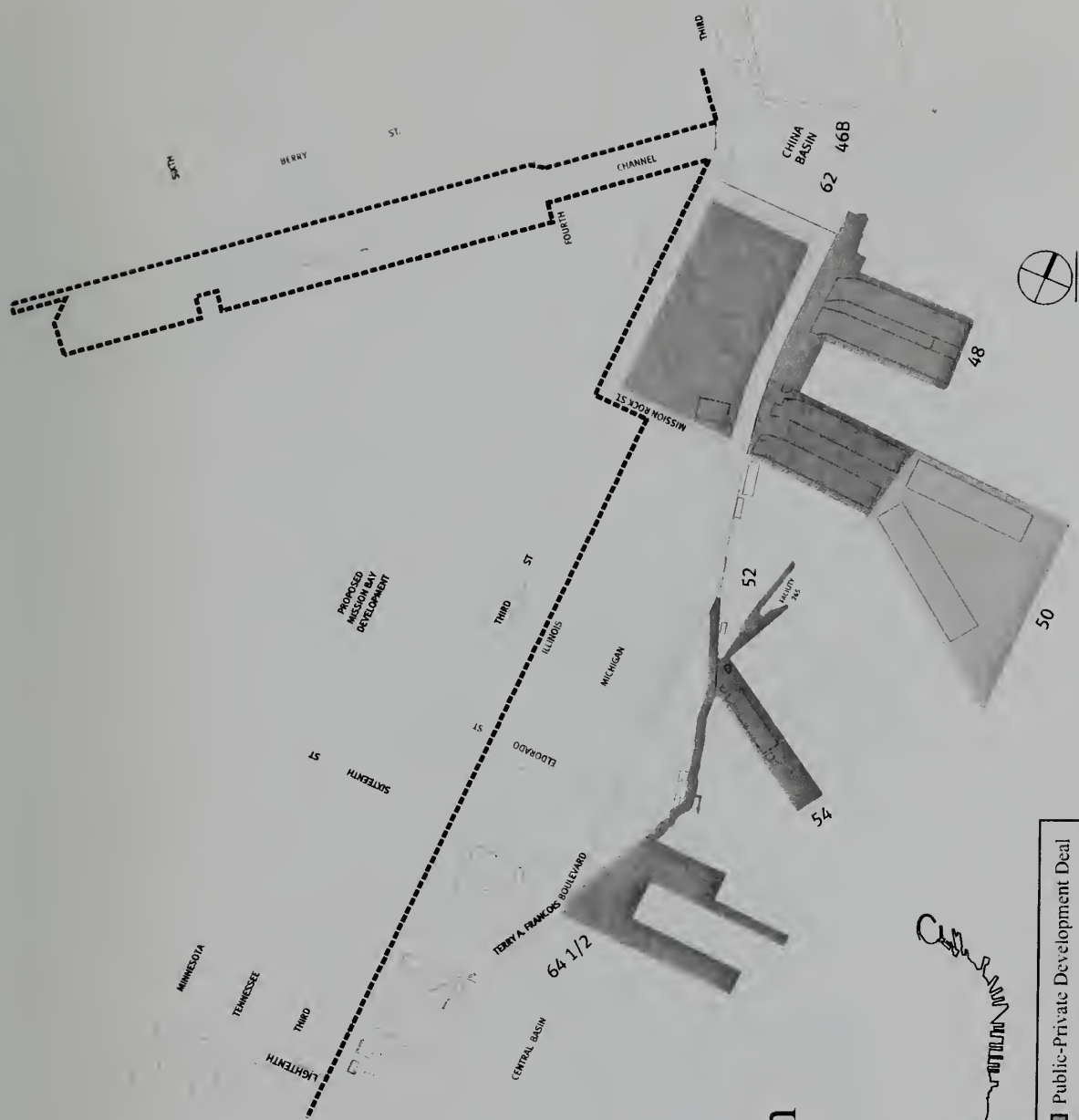




[INSERT MAP 5]  
China Basin







# China Basin



- |  |   |
|--|---|
| <input checked="" type="checkbox"/> Tenant Responsibility    | <input checked="" type="checkbox"/> Public-Private Development Deal |
| <input checked="" type="checkbox"/> Port Operating Budget    | <input checked="" type="checkbox"/> Infrastructure Finance District |
| <input checked="" type="checkbox"/> Revenue Bonds            | <input checked="" type="checkbox"/> No Funding Source               |
| <input checked="" type="checkbox"/> General Obligation Bonds |   |

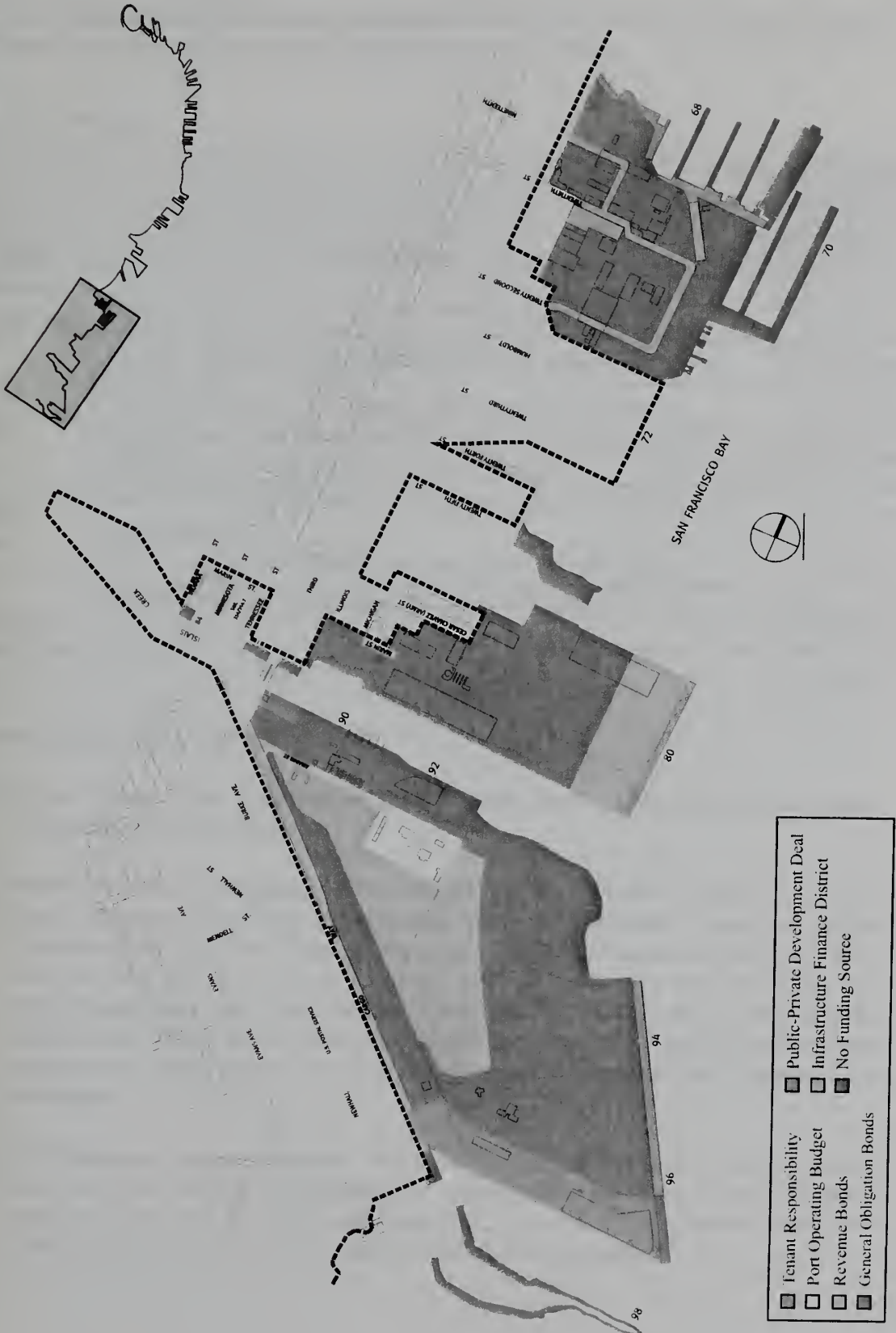


[INSERT MAP 6]  
Southern Waterfront





# The Southern Waterfront





## **V. Unfunded (Deferred) and Emerging Needs**

The Port's proposed ten-year capital plan defers a total of \$1.3 billion in needs. The most significant deferred projects include the following Port facilities:

### **Unfunded Projects**

		<b>Unfunded Portion to Repair &amp; Seismically Upgrade</b>
<b>Region</b>	<b>Port Facility</b>	
<b>Northeast Waterfront</b>	Pier 31, office and warehouse space, pier substructure	\$30,900,000
<b>South Beach</b>	Pier 26, office and warehouse space, pier substructure	50,500,000
	Pier 28, office and warehouse space, pier substructure	33,750,000
	Pier 38, maritime recreation facility near South Beach Harbor	50,000,000
<b>China Basin</b>	Pier 50, Shed D, the Port's Maintenance Facility, pier substructure	31,000,000
	Pier 54, office and warehouse space, pier substructure	41,700,000
<b>Southern Waterfront</b>	Pier 70 Campus, contains a vast array of historic structures	320,000,000
	Pier 80 Cargo Facility	127,000,000

### **Funding Options for Deferred Projects**

- (a) ***Grant Funds*** – The Port may be able to secure grant funding for its open space and transportation projects.
- (b) ***Public/Private Partnerships*** – Port staff believe Pier 33, Pier 35 and Pier 70 are good candidates for future development projects. However, it has not sought direction from the Port Commission, issued RFPs or secured approvals from various state agencies such as the State Lands Commission and San Francisco Bay Conservation and Development Commission (BCDC) for project scopes. Thus, while the Port has identified these facilities as potential development projects, it is premature to conclude that they will be repaired and upgraded by a developer.
- (c) ***No Identified Funding Options*** – If the Port is unable to identify a funding source or a developer to repair and seismically upgrade these facilities, it will eventually need to close the facilities and demolish them (if it can secure funds for demolition) or allow them to deteriorate and fall into the bay.



## VI. Conclusions

The Port's first 10-Year Capital Plan, issued in the spring of 2006, demonstrated the magnitude of the Port's financial challenges and that dramatic, new strategies will be required to allow the Port to fulfill its maritime and land use missions.

Since that time, it has become increasingly clear that the major source of funding to reconnect the City with its waterfront envisioned by the Waterfront Land Use Plan – private equity – is insufficient to the task. Without new public sources of funding, private sector investment alone in the Port will not succeed in revitalizing the Port and its historic structures.

However, since 2006, Port staff and the Port Commission, with support of Mayor Gavin Newsom and the Board of Supervisors, have been laying the groundwork for an enhanced approach to financing waterfront improvements.

In 2005, the Port won passage of SB 1085, permitting the establishment of Infrastructure Financing Districts on Port property, allowing the capture of future property tax increment. And in 2007, the Port won passage of SB 815, lifting “public trust” use restrictions on four of the Port's seawall lots (337, 328, 330, and 347S), the largest of which – Lot A, SWL 337, in Mission Bay – is approximately 14 acres.

In contrast to last year's Capital Plan, the FY 2011-20 Capital Plan reflects the uncertainty of the current real estate market. Specifically, while Port staff assumes that revenues and tax increment arising from development of SWL 337 will likely be realized before 2019, the Plan no longer assigns the projected \$65 million in tax increment debt proceeds arising from this development to specific uses. Furthermore, the projected revenue bond monies arising from the proposed development, also projected at \$65 million, are assigned to projects likely to occur later than 2015.

In an historic, first time ever contribution of public tax dollars to the Port, Proposition A on the February 2008 San Francisco Ballot was approved by a margin of 71.66% (Yes) to 28.34% (No). As a result, \$33.5 million in waterfront open space projects –projects that serve the public good– are under way.

In November 2008, the City's voters approved Proposition D that provides two new tools to develop Pier 70: (1) an option for the Board of Supervisors to approve a Pier 70 plan in lieu of individual lease approvals; and (2) an optional new financing tool that allows the Port to capture 75% of the payroll and hotel tax increment generated by the Pier 70 development to help fund waterfront parks, marine terminals, environmental remediation, historic rehabilitation, and utility infrastructure.

In 2009, the Port's received \$4.7 million from a new federal source of funding, the Water Resources Development Act of 2007. While the Port was successful in seeking this authorizing legislation in 2007, it was not until the Fall of 2009 that appropriations against this authority began to flow to Port projects. Following up on the success of





2009, Port staff have requested that the remaining \$20.2 million of that 2007 federal authority be appropriated in 2010 to commence Port capital projects at Piers 35 and 70.

Finally, in July 2009, the Port repaid the last of its municipal debt mandated by the transfer of the Port from State control to City custodialship. As a result, in February 2010 the Port issued \$36.65 million in revenue bonds representing the first time in 25 years that the Port has been able to leverage its own balance sheet for new capital projects.

In 2006, the Port's Capital Plan seemed like (at best) a decades-long partial solution to a waterfront problem that developed over decades or (at worst) an exercise in futility. It now appears that the Port is poised to pursue dramatic new open space improvements and new strategies to preserve historic piers and buildings over the next ten years.

As the Port focuses on delivery of revenue bond and general bond funded projects over the next five years of the Plan, it is clear that the Port must leverage currently available sources of land-based finance (revenue bonds, infrastructure financing districts, community facility districts) with other sources of public and private funding to gap-finance its projects. This strategy will strengthen the Port's balance sheet in preparation for major projects at SWL 337 and Pier 70 that will require the Port to take on substantial new debt envisioned by the Capital Plan. Toward that end, Port staff is aggressively pursuing federal funding, including \$20 million in U.S. Army Corps of Engineers funding authorized by Congress in the Water Resources Development Act but not yet appropriated to specific projects.

There are still issues to be addressed in the Pier 70 area and other areas within the City's waterfront. However, the Port's newfound ability to utilize these new public resources constitutes a beginning to a more financially sound and sustainable Port of San Francisco.

However, further changes to law and the Port's financing strategy are required: the City and the Port need to fully develop plans for financing a new Cruise Terminal. The State of California can further contribute to its interests through allocating some or all of its share of possessory tax increment associated with developing Port property, as defined by the public trust and the BCDC Special Area Plan, along the San Francisco waterfront. The federal government, likewise, has an interest in removing threats to navigation posed by rotting Port facilities near navigation channels.

The Port needs the continued support of the City's elected family to enact some of the financing strategies described in the Port's 10-year Capital Plan. While these changes may be difficult to achieve, Port staff are energized to pursue these and other solutions that will eliminate waterfront blight and create a 21<sup>st</sup> century waterfront.



**APPENDIX A - 10 YEAR NEED SUMMARY, BY FACILITY (In Thousands)**

Fac ID No.	Building Name	Building Type	Backlog	10 Year Renewals	Code & Safety	Total
5470H	Blue Shed Bldg (Wharf J-11)	Simple	\$73	\$0	\$1,384	\$1,457
1840	Copra Crane	Basic	\$751	\$0	\$0	\$751
1001	Downtown Ferry Terminal	Basic	\$637	\$0	\$33,903	\$34,540
0000	Equipment	Basic	\$0	\$0	\$8,939	\$8,939
2740	Fac. 200 - World Trade Club Restaurant	Basic	\$284	\$1,668	\$741	\$2,692
2000	Fac. 2000 - Ferry Plaza	Piers	\$531	\$327	\$3,784	\$4,642
2750	Fac. 274-175 - Ferry Building Clock Tower	Basic	\$0	\$310	\$301	\$611
2750	Fac. 274-275 Ferry Building	Basic	\$0	\$7,563	\$7,352	\$14,915
2780	Fac. 278 Agriculture Bldg Substructure	Piers	\$4,751	\$0	\$2,605	\$7,356
2780	Fac. 278 Agriculture Building	Basic	\$3,163	\$241	\$547	\$3,952
2750	Ferry Building: Fac. 274 - 275	Piers	\$0	\$0	\$0	\$0
6020	Freight Yard - Intermodal Container Transfer Facility	Street	\$3,355	\$9,839	\$26,931	\$40,125
4000	Harbor Office at Hyde Street	Small	\$0	\$0	\$505	\$505
1980	Hérons Head Park	Basic	\$168	\$0	\$189	\$357
2500	Hyde Street Pier	Piers	\$0	\$0	\$0	\$0
2500	Hyde Street Pier - Storage Buildings (3)	Small Port	\$0	\$0	\$0	\$0
000	Leased Piers	Wide	\$0	\$39,114	\$0	\$39,114
1010	Pier 1	Piers	\$0	\$74	\$0	\$74
1010	Pier 1 - Office Building	Basic	\$0	\$2,313	\$0	\$2,313
1015	Pier 1 1/2	Piers	\$0	\$0	\$0	\$0
1015	Pier 1 1/2 - Bulkhead/Shed Building	Basic	\$0	\$236	\$0	\$236
1005	Pier 1/2	Piers	\$733	\$0	\$2,030	\$2,763
1140	Pier 14 (Public Pier)	Piers	\$0	\$0	\$0	\$0
1150	Pier 15	Piers	\$14,990	\$0	\$14,127	\$29,117
1150	Pier 15 - Bulkhead/Shed Building (contains trailer	Simple	\$2,715	\$501	\$3,435	\$6,651
1155	Pier 15/17 - Office on Marginal Wharf	Small	\$0	\$0	\$0	\$0
1155	Pier 15/17 Valley - demolition	Piers	\$7,986	\$0	\$0	\$7,986
1170	Pier 17	Piers	\$7,203	\$88	\$9,525	\$16,816
1170	Pier 17 - Shed Building	Simple	\$2,808	\$658	\$2,883	\$6,349
1175	Pier 17 1/2	Piers	\$1,301	\$0	\$427	\$1,728
1190	Pier 19	Piers	\$7,956	\$0	\$8,558	\$16,514
1190	Pier 19 - Bulkhead/Shed Building	Simple	\$1,729	\$150	\$2,415	\$4,294
1195	Pier 19 1/2	Piers	\$4,662	\$0	\$2,556	\$7,218
1195	Pier 19 1/2 - Bulkhead/Shed	Simple	\$563	\$69	\$1,080	\$1,712
1020	Pier 2	Piers	\$3,882	\$0	\$1,852	\$5,734
2770	Pier 2 - Sinbads	Basic	\$115	\$595	\$157	\$867
1225	Pier 22 1/2	Piers	\$2,081	\$8	\$901	\$2,990
1225	Pier 22 1/2 - Fire Station	Basic	\$523	\$76	\$123	\$722
1225	Pier 22 1/2 - Maintenance / Recreation	Small	\$0	\$0	\$0	\$0
1230	Pier 23	Piers	\$5,539	\$0	\$9,111	\$14,650
1230	Pier 23 - Bulkhead/Shed Building	Simple	\$1,445	\$565	\$2,477	\$4,487
1235	Pier 23 1/2	Piers	\$2,571	\$0	\$423	\$2,994
1235	Pier 23 1/2 Pier 23 Cafe	Small	\$0	\$0	\$0	\$0
1245	Pier 24 1/2	Piers	\$3,959	\$0	\$3,102	\$7,061
1245	Pier 24 1/2 -Bulkhead/Shed Building	Simple	\$542	\$0	\$690	\$1,232
1260	Pier 26	Piers	\$13,534	\$0	\$30,897	\$44,431





**APPENDIX A - 10 YEAR NEED SUMMARY, BY FACILITY (In Thousands)**

Fac ID No.	Building Name	Building Type	Backlog	10 Year Renewals	Code & Safety	Total
1260	Pier 26 - Bulkhead/Shed	Simple	\$1,882	\$1,012	\$3,173	\$6,067
1265	Pier 26 1/2	Piers	\$2,983	\$0	\$2,405	\$5,388
1265	Pier 26.5 - Bulkhead	Basic	\$1,635	\$1,116	\$673	\$3,424
1270	Pier 27	Piers	\$455	\$392	\$39,924	\$40,770
1270	Pier 27 - Office Annex	Small	\$493	\$0	\$0	\$493
2275	Pier 27 - Office/Admin Building	Basic	\$881	\$184	\$301	\$1,366
1270	Pier 27 Shed Building	Simple	\$2,767	\$2,243	\$2,510	\$7,520
1280	Pier 28	Piers	\$8,693	\$0	\$20,872	\$29,565
1280	Pier 28 - Bulkhead/Shed Building	Simple	\$1,821	\$462	\$1,899	\$4,182
1285	Pier 28 1/2	Piers	\$592	\$0	\$325	\$917
1285	Pier 28 1/2 - Hivive Restaurant	Small	\$0	\$181	\$0	\$181
1290	Pier 29	Piers	\$15,899	\$0	\$16,577	\$32,476
1290	Pier 29 - *Bulkhead/Shed Building	Simple	\$4,137	\$0	\$3,825	\$7,962
1295	Pier 29 1/2	Piers	\$0	\$0	\$0	\$0
1295	Pier 29 1/2 - Bulkhead Building	Simple	\$1,264	\$0	\$1,296	\$2,560
1030	Pier 3	Piers	\$7,105	\$0	\$5,497	\$12,602
1030	Pier 3 - Bulkhead/Shed Building	Basic	\$0	\$381	\$0	\$381
1320	Pier 30 and 32	Piers	\$22,681	\$247	\$57,235	\$80,163
1310	Pier 31	Piers	\$10,251	\$0	\$14,592	\$24,843
1310	Pier 31 - Bulkhead/Shed Building	Simple	\$2,636	\$1,060	\$2,348	\$6,045
1315	Pier 31 1/2	Piers	\$3,214	\$0	\$2,642	\$5,856
1325	Pier 32 1/2 Marginal Wharf (Brannon St)	Piers	\$0	\$0	\$24,995	\$24,995
1330	Pier 33	Piers	\$5,701	\$0	\$9,503	\$15,204
1330	Pier 33 - Bulkhead/Shed Building	Simple	\$1,722	\$1,322	\$2,196	\$5,240
1335	Pier 33 1/2	Piers	\$0	\$0	\$415	\$415
1335	Pier 33 1/2 - Bulkhead Building	Basic	\$1,370	\$201	\$405	\$1,976
1345	Pier 34 1/2 Marginal Wharf	Piers	\$0	\$0	\$0	\$0
1350	Pier 35 - Bulkhead/Shed Building	Basic	\$3,229	\$12,736	\$4,503	\$20,468
1355	Pier 35 1/2	Piers	\$0	\$0	\$4,528	\$4,528
1350	Pier 35 Cruise Terminal	Piers	\$13,143	\$122	\$15,458	\$28,722
1360	Pier 36 (to be demolished)	Piers	\$122	\$0	\$4,500	\$4,622
1360	Pier 36 - Bulkhead Building/Shed	Simple	\$923	\$0	\$0	\$923
1380	Pier 38	Piers	\$31,523	\$0	\$14,193	\$45,716
1380	Pier 38 - Bulkhead/Shed Building	Simple	\$266	\$1,375	\$2,740	\$4,381
1385	Pier 38 1/2	Piers	\$550	\$0	\$452	\$1,002
1390	Pier 39	Piers	\$0	\$0	\$0	\$0
1390	Pier 39 - Retail Shops	Basic	\$3,635	\$10,723	\$6,453	\$20,811
1390	Pier 39 - Underwater World	Basic	\$0	\$441	\$0	\$441
1395	Pier 39 1/2 Marginal Wharf	Piers	\$0	\$0	\$0	\$0
1400	Pier 40	Piers	\$18,504	\$0	\$9,125	\$27,629
1400	Pier 40 - Shed Building	Simple	\$230	\$154	\$1,134	\$1,518
1405	Pier 40 1/2 (S Beach Harbor Wharf)	Piers	\$2,430	\$0	\$399	\$2,829
1405	Pier 40 1/2 - Java House	Small	\$0	\$0	\$0	\$0
1400	Pier 40 Restaurant & Robert Steck Chandelry	Basic	\$47	\$178	\$197	\$422
1410	Pier 41	Piers	\$0	\$0	\$2,830	\$2,830
1415	Pier 41 1/2	Piers	\$0	\$0	\$0	\$0
1415	Pier 41 1/2 - Blue&Gold Bldg.	Basic	\$0	\$653	\$364	\$1,017



**APPENDIX A - 10 YEAR NEED SUMMARY, BY FACILITY (In Thousands)**

Fac ID No.	Building Name	Building Type	Backlog	10 Year Renewals	Code & Safety	Total
1430	Pier 43	Piers	\$98	\$0	\$265	\$363
1430	Pier 43 - Arch	Small	\$0	\$208	\$0	\$208
1435	Pier 43 1/2	Piers	\$1,920	\$0	\$13,656	\$15,576
1435	Pier 43 1/2 - Franciscan Restaurant	Basic	\$553	\$587	\$353	\$1,492
1435	Pier 43 1/2 - Red & White Tours	Small	\$0	\$0	\$0	\$0
1435	Pier 43 1/2 - Taits/Patio Sandwich Shop	Small	\$49	\$0	\$0	\$49
1450	Pier 45	Piers	\$1,258	\$2,189	\$152	\$3,599
1450	Pier 45 - Shed A	Simple	\$448	\$1,208	\$2,293	\$3,949
1450	Pier 45 - Shed B	Simple	\$450	\$1,215	\$1,798	\$3,463
1450	Pier 45 - Shed C	Simple	\$695	\$318	\$4,880	\$5,894
1450	Pier 45 - Shed D	Simple	\$459	\$1,098	\$1,624	\$3,181
1461	Pier 46B China Basin Ferry Terminal	Piers	\$803	\$0	\$8,925	\$9,728
1470	Pier 47 - Guardinos Storage Bldg	Small	\$0	\$53	\$0	\$53
1470	Pier 47 - Scoma / Fish Prep Bldg	Small	\$0	\$49	\$0	\$49
1470	Pier 47 - Scoma Storage Bldg	Small	\$0	\$87	\$0	\$87
1470	Pier 47 - Scomas Restaurant	Basic	\$324	\$1,023	\$306	\$1,654
1470	Pier 47 - Scomas Storage Shed	Small	\$0	\$19	\$0	\$19
1470	Pier 47 - Wharf J6, J7, J8	Piers	\$1,767	\$716	\$3,826	\$6,310
1470	Pier 47 WF Albert Seafoods Proc Bldg	Simple	\$120	\$77	\$161	\$358
1480	Pier 48	Piers	\$7,351	\$1,417	\$1,340	\$10,109
1480	Pier 48 - Shed A	Simple	\$1,509	\$194	\$0	\$1,703
1480	Pier 48 - Shed B	Simple	\$1,550	\$199	\$0	\$1,749
1485	Pier 48 1/2 - Jellys restaurant	Small	\$0	\$0	\$0	\$0
1490	Pier 49 - Aliotos Restaurant (Wharf J-1)	Basic	\$0	\$357	\$298	\$655
1490	Pier 49 - Fishermans Grotto No. 9 (Wharf J-1)	Basic	\$0	\$554	\$463	\$1,017
1490	Pier 49 - Fishermans Memorial Chapel	Small	\$0	\$139	\$0	\$139
1490	Pier 49 - Guardinos (Wharf J-1)	Small	\$0	\$0	\$0	\$0
1490	Pier 49 - Sabella & Latorre (Wharf J-1)	Small	\$0	\$0	\$0	\$0
1490	Pier 49 - Tarantinos Restaurant (Wharf J-1)	Basic	\$0	\$216	\$176	\$392
1490	Pier 49 - The Crab Station (Wharf J-1)	Small	\$0	\$0	\$0	\$0
1490	Pier 49 Nicks Lighthouse (Wharf J-1)	Small	\$0	\$0	\$0	\$0
1050	Pier 5	Piers	\$0	\$0	\$0	\$0
1055	Pier 5 1/2 - Bulkhead Building	Basic	\$0	\$279	\$0	\$279
1500	Pier 50	Piers	\$26,966	\$1,654	\$17,471	\$46,091
1500	Pier 50 - Shed A	Simple	\$1,991	\$320	\$1,836	\$4,147
1500	Pier 50 - Shed B	Simple	\$1,033	\$1,034	\$1,862	\$3,930
1500	Pier 50 - Shed C	Simple	\$1,244	\$1,367	\$2,237	\$4,848
1500	Pier 50 - Shed D	Simple	\$1,196	\$865	\$2,860	\$4,921
1505	Pier 50 1/2	Piers	\$0	\$0	\$329	\$329
2505	Pier 50 Administration Building	Basic	\$1,601	\$549	\$480	\$2,630
1520	Pier 52	Piers	\$0	\$0	\$3,784	\$3,784
1540	Pier 54	Piers	\$28,669	\$0	\$11,361	\$40,030
1540	Pier 54 - Office Bldg	Small	\$464	\$0	\$0	\$464
1540	Pier 54 - Oil Shed	Small	\$111	\$0	\$0	\$111
1540	Pier 54 - Shed Building	Simple	\$363	\$82	\$607	\$1,053
1540	Pier 54 - Storage Shed	Small	\$0	\$37	\$0	\$37
1600	Pier 60 - Wharf - wood piles	Piers	\$1,021	\$0	\$441	\$1,462





**APPENDIX A - 10 YEAR NEED SUMMARY, BY FACILITY (In Thousands)**

Fac ID No.	Building Name	Building Type	Backlog	10 Year Renewals	Code & Safety	Total
1600	Pier 60 - Wharf Carmens Restaurant	Small	\$120	\$0	\$0	\$120
1640	Pier 64	Piers	\$2,523	\$0	\$1,636	\$4,159
1645	Pier 64 1/2 Kelly Mission Rock Resort Restnt	Basic	\$0	\$171	\$0	\$171
1680	Pier 68	Piers	\$6,638	\$36,130	\$24,104	\$66,872
1075	Pier 7 - The Waterfront Restaurant	Basic	\$267	\$216	\$150	\$633
1075	Pier 7 1/2	Piers	\$0	\$0	\$0	\$0
1070	Pier 7 Public Pier	Piers	\$0	\$0	\$0	\$0
1700	Pier 70	Piers	\$46,402	\$0	\$89,458	\$135,860
1680	Pier 70 - Pier 68 - Bathrooms Bldg. #141	Small	\$0	\$0	\$0	\$0
1680	Pier 70 - Pier 68 - Beth Street Substation #2, Bldg. #50	Small	\$83	\$0	\$0	\$83
1680	Pier 70 - Pier 68 - Beth Street Warehouse Bldg. #30	Small	\$0	\$650	\$0	\$650
1680	Pier 70 - Pier 68 - Blast Shed Bldg. #150	Small	\$0	\$0	\$0	\$0
1680	Pier 70 - Pier 68 - Boiler/Steam Power House - #103	Small	\$0	\$258	\$202	\$460
1680	Pier 70 - Pier 68 - Building #149	Small	\$0	\$0	\$0	\$0
1680	Pier 70 - Pier 68 - Cable/Electric Shop - Bldg.#38	Simple	\$733	\$0	\$5,616	\$6,349
1680	Pier 70 - Pier 68 - Checkhouse #1, Bldg. #122	Small	\$0	\$0	\$165	\$165
1680	Pier 70 - Pier 68 - Checkhouse #2, Bldg. #123	Small	\$0	\$0	\$80	\$80
1680	Pier 70 - Pier 68 - Equipment Building #36	Simple	\$243	\$92	\$2,290	\$2,625
1680	Pier 70 - Pier 68 - Machine Shop - Bldg. #105	Simple	\$451	\$41	\$3,690	\$4,182
1680	Pier 70 - Pier 68 - near checkhouse #2, Building #51	Small	\$56	\$0	\$0	\$56
1680	Pier 70 - Pier 68 - Office Bldg (#127)	Small	\$0	\$0	\$0	\$0
1680	Pier 70 - Pier 68 - Office Bldg Annex to #101, Bldg. #40	Basic	\$1,310	\$0	\$291	\$1,601
1680	Pier 70 - Pier 68 - Office Building #101	Basic	\$5,515	\$545	\$25,683	\$31,744
1680	Pier 70 - Pier 68 - Office Building #104	Basic	\$3,829	\$0	\$17,407	\$21,236
1680	Pier 70 - Pier 68 - Office/Warehouse Bldg.- Bldg #111	Basic	\$5,362	\$1,213	\$9,803	\$16,377
1680	Pier 70 - Pier 68 - Ops. Bldg #102	Basic	\$751	\$160	\$835	\$1,746
1680	Pier 70 - Pier 68 - Pipe Rack, Bldg. #120	Small	\$0	\$0	\$43	\$43
1680	Pier 70 - Pier 68 - Pipe Storage Bldg #107	Small	\$0	\$200	\$0	\$200
1680	Pier 70 - Pier 68 - Sheet Metal/Tools Bldg #109	Simple	\$1,059	\$861	\$471	\$2,391
1680	Pier 70 - Pier 68 - Shipwright Building -#108	Basic	\$5,418	\$226	\$10,006	\$15,650
1680	Pier 70 - Pier 68 - Steel Shop Office (bldg #121)	Small	\$0	\$85	\$0	\$85
1680	Pier 70 - Pier 68 - Substation #4 (bldg #58)	Small	\$0	\$0	\$131	\$131
1680	Pier 70 - Pier 68 - Substation #6, Bldg. #64	Small	\$278	\$0	\$942	\$1,220
1680	Pier 70 - Pier 68 - Substation #7 (bldg #68)	Small	\$0	\$200	\$73	\$273
1680	Pier 70 - Pier 68 - Warehouse & 6-ton crane, Bldg. #49	Simple	\$85	\$117	\$23	\$224
1680	Pier 70 - Pier 68 - Yard Washroom, Bldg. #110	Small	\$545	\$0	\$712	\$1,257
1680	Pier 70 - Pier 68 - Yard Washroom, Bldg. #119	Small	\$200	\$0	\$0	\$200
3450	Pier 70 - SWL 345 - Kneass Boatworks, Main Office/boat storage	Simple	\$0	\$0	\$1,561	\$1,561
3450	Pier 70 - SWL 345 - Kneass, Pier 66 Boatyard Office	Small	\$278	\$0	\$0	\$278
3490	Pier 70 - SWL 349 - Auto Yard Shop Bldg #19	Simple	\$177	\$0	\$1,042	\$1,219
3490	Pier 70 - SWL 349 - Beth Street Stress Relieving, Bldg. #16	Simple	\$249	\$0	\$1,159	\$1,408
3490	Pier 70 - SWL 349 - Beth Street Warehouse, Bldg. #32	Simple	\$322	\$0	\$1,428	\$1,750
3490	Pier 70 - SWL 349 - Beth Street Washroom & Locker, Bldg. #24	Small	\$476	\$0	\$662	\$1,138
3490	Pier 70 - SWL 349 - Beth Street Washroom & Locker, Bldg. #25	Small	\$0	\$207	\$50	\$257





**APPENDIX A - 10 YEAR NEED SUMMARY, BY FACILITY (In Thousands)**

Fac ID No.	Building Name	Building Type	Backlog	10 Year Renewals	Code & Safety	Total
3490	Pier 70 - SWL 349 - Beth Street Washroom & Locker, Bldg. #29	Small	\$513	\$0	\$786	\$1,299
3490	Pier 70 - SWL 349 - Brass Foundry, Bldg. #115	Simple	\$484	\$0	\$5,161	\$5,645
3490	Pier 70 - SWL 349 - Foundry, Bldg. #116	Simple	\$484	\$0	\$5,161	\$5,645
3490	Pier 70 - SWL 349 - Test Room, Bldg. #23	Small	\$604	\$0	\$235	\$839
3490	Pier 70 - SWL 349 - UIW Machine Shop, Bldg. #114	Simple	\$242	\$0	\$2,353	\$2,595
3490	Pier 70 - SWL 349 Building #6 (condemned)	Simple	\$1,035	\$0	\$6,414	\$7,449
3490	Pier 70 - SWL 349 Equipment Bldg - Bldg #14	Simple	\$433	\$0	\$4,946	\$5,379
3490	Pier 70 - SWL 349 Heavy Machine Shop - Bldg #113	Simple	\$2,312	\$0	\$27,240	\$29,552
3490	Pier 70 - SWL 349 Office Building - Bldg. #11 Noonan	Basic	\$3,544	\$466	\$7,608	\$11,618
3490	Pier 70 - SWL 349 SF Shipyard Training Bldg 117	Simple	\$607	\$191	\$9,625	\$10,423
3490	Pier 70 - SWL 349 Shop Building - Bldg #21	Simple	\$225	\$0	\$3,404	\$3,629
3490	Pier 70 - SWL 349 Traffic Department Bldg. #12 & #15	Basic	\$7,440	\$0	\$16,147	\$23,587
3490	Pier 70 - SWL 349 Traffic Dept. Shed - Bldg #66	Simple	\$615	\$0	\$544	\$1,159
3490	Pier 70 - SWL 349 Warehouse - Bldg.2	Simple	\$2,341	\$0	\$18,733	\$21,074
1800	Pier 80	Piers	\$8,413	\$2,460	\$56,833	\$67,707
1800	Pier 80 - Entry Canopy	Simple	\$226	\$0	\$272	\$498
1800	Pier 80 - Gear & Maintenance Building	Simple	\$906	\$203	\$961	\$2,070
1800	Pier 80 - Office Bldg #2	Small	\$0	\$98	\$0	\$98
1800	Pier 80 - Service Building	Simple	\$1,124	\$1,180	\$764	\$3,068
1800	Pier 80 - Shed A	Simple	\$3,813	\$1,868	\$21,545	\$27,226
1800	Pier 80 - Shed D	Simple	\$2,757	\$1,173	\$4,166	\$8,096
1800	Pier 80 - Terminal Office	Small	\$246	\$0	\$0	\$246
2800	Pier 80 Administration Building	Basic	\$2,360	\$2,519	\$1,935	\$6,814
1800	Pier 80 Office Bldg #1	Small	\$0	\$98	\$0	\$98
1090	Pier 9	Piers	\$10,801	\$0	\$8,877	\$19,678
1095	Pier 9 1/2	Piers	\$700	\$0	\$576	\$1,276
1090	Pier 9 Bulkhead/Shed Building	Basic	\$8,030	\$2,970	\$3,169	\$14,169
1900	Pier 90	Piers	\$9,838	\$0	\$0	\$9,838
1900	Pier 90 - Fire Department Building	Basic	\$68	\$46	\$154	\$268
1900	Pier 90 - Maintenance Bldg	Small	\$0	\$87	\$0	\$87
1900	Pier 90 - Old Powerhouse	Small	\$0	\$0	\$0	\$0
1900	Pier 90 - Storage Bldg	Small	\$0	\$32	\$0	\$32
1900	Pier 90 - Truck Pits	Small	\$0	\$91	\$0	\$91
1920	Pier 92	Piers	\$3,758	\$0	\$0	\$3,758
1940	Pier 94 - 96 wharf area	Piers	\$4,679	\$0	\$13,968	\$18,647
1940	Pier 94 - Wharfside Building	Small	\$0	\$0	\$0	\$0
1960	Pier 96 - Administration Building	Basic	\$556	\$498	\$383	\$1,437
1960	Pier 96 - Bounty Restaurant	Basic	\$733	\$0	\$145	\$878
1960	Pier 96 - Entry Canopy	Simple	\$173	\$0	\$246	\$419
1960	Pier 96 - Exit Canopy	Simple	\$103	\$19	\$146	\$268
1960	Pier 96 - Gatehouse Bldg	Small	\$0	\$201	\$0	\$201
1960	Pier 96 - Maintenance Building	Basic	\$1,291	\$687	\$746	\$2,724
1960	Pier 96 - Office/Restroom	Small	\$0	\$119	\$0	\$119
1960	Pier 96 - Recycling/LASH Terminal	Simple	\$2,201	\$4,466	\$4,596	\$11,263
1960	Pier 96 - Storage	Small	\$0	\$133	\$0	\$133
1960	Pier 96 - Truck Scales	Small	\$0	\$35	\$0	\$35



**APPENDIX A - 10 YEAR NEED SUMMARY, BY FACILITY (In Thousands)**

Fac ID No.	Building Name	Building Type	Backlog	10 Year Renewals	Code & Safety	Total
0000	Port-wide Projects	Port Wide	\$44,280	\$256,808	\$4,749	\$305,837
4036	Street - 20th east of Illinois	Street	\$401	\$0	\$0	\$401
4038	Street - 24th from Michigan to Maryland	Street	\$559	\$0	\$500	\$1,059
4043	Street - Amador and extension	Street	\$1,774	\$0	\$15,744	\$17,518
4022	Street - Broadway btw Embarcadero & Vallejo	Street	\$441	\$0	\$63	\$504
4008	Street - Embarcadero from Taylor to Powell	Street	\$0	\$0	\$0	\$0
4020	Street - Green between Davis and Front	Street	\$147	\$0	\$0	\$147
3030	Street - Hyde Alley, Fish Alley	Street	\$259	\$0	\$189	\$448
4001	Street - Hyde N of Jefferson to Hyde St Pier	Street	\$210	\$0	\$0	\$210
4004	Street - Jefferson btw Jones and Leavenworth	Street	\$109	\$0	\$0	\$109
4002	Street - Jefferson from Leavenworth to Hyde	Street	\$114	\$0	\$847	\$961
4017	Street - Lombard btw Sansome and Embarcadero	Street	\$156	\$0	\$0	\$156
4040	Street - Marin east of Michigan	Street	\$147	\$0	\$505	\$652
3020	Street - Pier 47, Fish Alley, Al Scoma Way	Street	\$350	\$0	\$0	\$350
4003	Street - R.H. Dana Dr. (Leavenworth) N of Jefferson	Street	\$129	\$0	\$0	\$129
4033	Street - T. Francois along China Basin	Street	\$440	\$0	\$0	\$440
4034	Street - T. Francois btw China Basin and Mission R	Street	\$4,605	\$0	\$0	\$4,605
4006	Street - Taylor Street btw. Jefferson and Embarcadero	Street	\$267	\$0	\$252	\$519
4041	Street - TN, IN, MN btw Tulare and Marin	Street	\$770	\$0	\$0	\$770
3010	SWL 301 - Andre Boudin Pavilion	Small	\$0	\$0	\$1,514	\$1,514
3010	SWL 301 - Andre Boudin Restaurant	Basic	\$0	\$139	\$0	\$139
3020	SWL 302 - Alioto Fish Co.	Basic	\$0	\$457	\$390	\$847
3020	SWL 302 - Castagnola/Storage Bldg	Small	\$0	\$0	\$0	\$0
3020	SWL 302 - Crab Boat Owners Asso.	Basic	\$339	\$0	\$67	\$406
3020	SWL 302 - Firewood Cafe	Basic	\$0	\$115	\$98	\$213
3020	SWL 302 - Pompei's Grotto	Basic	\$0	\$103	\$102	\$205
3020	SWL 302 - Port Harbor Office	Small	\$0	\$53	\$0	\$53
3020	SWL 302 - Scomas (Smoke House)	Basic	\$0	\$67	\$118	\$185
3020	SWL 302 - United Shellfish Warehouse	Small	\$0	\$160	\$0	\$160
3030	SWL 302 Cal Shell Fish Shed	Small	\$0	\$0	\$0	\$0
3020	SWL 302 Castagnola Rest.	Basic	\$0	\$437	\$364	\$801
3020	SWL 302 Coast Marine Supply Mat. Storage Bldg	Simple	\$0	\$181	\$515	\$696
3020	SWL 302 Costal Marine Retail Space	Small	\$0	\$0	\$0	\$0
3020	SWL 302 D&G Co. d.b.a. Lou Blues	Small	\$0	\$511	\$0	\$511
3020	SWL 302 Franks Fisherman Supply	Basic	\$85	\$248	\$202	\$535
3020	SWL 302 Substructure (Wharf J-9)	Piers	\$4,550	\$339	\$1,723	\$6,613
3020	SWL 302 United Shellfish Processing	Simple	\$0	\$15	\$42	\$57
3030	SWL 303 - Alioto Fish Co,	Basic	\$0	\$325	\$181	\$506
3030	SWL 303 - Cal Shell Fish	Basic	\$0	\$275	\$120	\$395
3030	SWL 303 - Cioppinos/(Hoppe)	Basic	\$0	\$572	\$281	\$853
3030	SWL 303 - Franceschis Restaurant	Basic	\$0	\$112	\$91	\$203
3030	SWL 303 - GP Resources	Small	\$0	\$29	\$0	\$29
3030	SWL 303 - SP Tarantino/Martell Ins	Small	\$0	\$0	\$0	\$0
3030	SWL 303 - The Bay Company, Hoppe, Arthur N.	Basic	\$0	\$252	\$206	\$458
3110	SWL 311 Pier 39 Garage	Simple	\$0	\$756	\$5,968	\$6,724
3130	SWL 313 Embarcadero Triangle Lot Assn.	Simple	\$0	\$598	\$2,830	\$3,428





**APPENDIX A - 10 YEAR NEED SUMMARY, BY FACILITY (In Thousands)**

Fac ID No.	Building Name	Building Type	Backlog	10 Year Renewals	Code & Safety	Total
3150	SWL 315 Office Building (HHC Investment limited)	Basic	\$0	\$4,255	\$3,260	\$7,515
3150	SWL 315 Parking Structure	Simple	\$0	\$502	\$3,792	\$4,294
3160	SWL 316 Houston's Restaurant	Basic	\$0	\$487	\$311	\$798
3170	SWL 317 Office Building	Basic	\$0	\$6,888	\$3,578	\$10,466
3180	SWL 318 Roundhouse One	Basic	\$0	\$627	\$496	\$1,123
3180	SWL 318 Roundhouse Two	Basic	\$1,246	\$771	\$674	\$2,691
3180	SWL 318 Sandhouse	Small	\$0	\$200	\$0	\$200
3190	SWL 319 Fog City Diner	Basic	\$0	\$293	\$114	\$407
3220	SWL 322 ABC TV	Basic	\$0	\$8,944	\$4,178	\$13,122
3300	SWL 330 Restaurant and Apts. at Townsend	Basic	\$0	\$1,749	\$1,848	\$3,597
3310	SWL 331 & 332 Delancey Street Foundation	Basic	\$0	\$3,923	\$4,040	\$7,963
3430	SWL 343 Blue Peter Building	Simple	\$383	\$39	\$478	\$900
3450	SWL 345 - SF Boat Works Office/Shop	Basic	\$173	\$248	\$190	\$610
3450	SWL 345 - SF Boat Works Storage/The Ramp	Simple	\$147	\$0	\$158	\$305
3520	SWL 352 - Backlands Redevelopment	Basic	\$2,304	\$0	\$0	\$2,304
1620	Third Street Bridge House	Small	\$0	\$0	\$0	\$0
5470H	Wharf J-11	Piers	\$411	\$0	\$0	\$411
5470	Wharf J-4	Piers	\$989	\$80	\$0	\$1,069
1490	Wharfs J-1 and J-3 (Pier 49)	Piers	\$0	\$760	\$2,921	\$3,681
<b>PORT TOTAL</b>			<b>\$590,154</b>	<b>\$471,017</b>	<b>\$1,039,469</b>	<b>\$2,100,640</b>





## MEMORANDUM

February 2, 2010

**TO:** MEMBERS, PORT COMMISSION  
Hon. Rodney Fong, President  
Hon. Stephanie Shakofsky, Vice President  
Hon. Kimberly Brandon  
Hon. Michael Hardeman  
Hon. Ann Lazarus

**FROM:** Monique Moyer  
Executive Director

*for*

**SUBJECT:** Informational Update on the Port's 2008 Clean and Safe Neighborhood Parks General Obligation Bond Capital Program

**DIRECTOR'S RECOMMENDATION:** Informational Only – No Action Required

### Background

On February 5, 2008, San Francisco's voters approved a \$185 million General Obligation bond entitled the 2008 Clean and Safe Neighborhood Parks General Obligation (GO) Bond (the "2008 GO Bonds"), of which \$33.5 million is earmarked for several waterfront parks on Port property.

The 2007 ordinance that placed the 2008 GO Bond on the ballot identified the following potential sites on Port property to receive GO bond funds, subject to review pursuant to the California Environmental Quality Act (CEQA). The document that accompanied the 2007 ordinance, the City's 2008 GO Bond Report, identified project funding levels for waterfront parks projects:

➤ Pier 43 Bay Trail Link	\$8,000,000
➤ Brannan Street Wharf	\$3,000,000
➤ <b><u>Blue-Greenway Projects</u></b>	
Bayfront Park at Mission Bay	\$3,000,000
Pier 70 Crane Cove Park	TBD
Warm Water Cove Park	TBD
Islais Creek Shoreline Parks	TBD
Heron's Head Park Entrance	TBD
Design Standards and Enhancements	\$250,000
to all Blue-Greenway Projects	
Total (Blue Greenway)	<u>\$21,800,000</u>

This Print Covers Calendar Item No. 7A



Total Project Allocations	\$32,800,000
Bond Issuance Costs	<u>\$ 700,000</u>
Total Allocation to Waterfront Parks Projects	\$33,500,000

This report is a periodic informational update to the Port Commission describing progress delivering capital projects funded by the 2008 GO Bond. Port staff has previously provided informational updates on the 2008 GO Bond at Port Commission meetings held on January 13, 2009, February 10, 2009 and September 8, 2009.

### **2008 GO Bond – Status of the Port Waterfront Projects (See attached Exhibit 1)**

The first issuance of the 2008 GO Bonds included \$3,644,438 to fund planning and design efforts for the Port's waterfront parks projects. These funds were appropriated at the end of November 2008. At its December 8, 2009 meeting, the Port Commission approved the allocation of these funds to the Pier 43 Bay Trail Link, Bayfront Park and the Blue Greenway Design Standards. The next bond issuance is planned by the City for February or March 2010 and the Port will be receiving another installment of proceeds in the amount of \$10,686,891 in project funding. The third and final bond issuance is planned by the City for the beginning of 2011.

### **Overall Program Status**

Port staff has a standing bi-weekly, inter-divisional meeting on all bond projects in order to closely track progress and offer assistance among parties when needed.

To facilitate added focus to bond-funded projects, the Port hired an additional project manager in the spring of 2009. Additionally, the Port has engaged the Department of Recreation and Parks' Planning Division for planning and permitting support.

The following is a summary of the status of the Port's 2008 GO Bond funded projects through January 31, 2010. The Pier 43 Bay Trail Link Project is described in a separate memorandum of the same date as this one.

### **Blue Greenway Projects**

The Blue Greenway GO Bond projects (see attached Exhibit 2) consist of a group of three initial projects as follows: 1) shoreline improvements to Bayfront Park within Mission Bay; 2) the development of Blue Greenway Planning and Design Guidelines through a community planning process to establish guidelines for future improvements; and 3) implementation of a series of open space projects. These Blue Greenway open space projects may include: Crane Cove Park at Pier 70, improvements to Warm Water Cove Park; improvements to Islais Creek facilities, improvements to Heron's Head Park, and way-finding, public art, identity and site-furnishings on Port Blue Greenway facilities.

The three initial projects listed above (1-3) were prioritized for early implementation and the status of each is summarized below:

#### *Mission Bay - Bayfront Park Shoreline*

This project improves the shoreline condition adjacent to the Bayfront Park being constructed as a component of the Mission Bay Redevelopment Plan. The shoreline improvements will allow shoreline access from the park and will expand the park from





approximately 6 acres to 8 acres. The park will be funded and constructed through the Redevelopment Agency, and the shoreline improvements are funded through the G.O. Bonds and will be constructed by the Port in 2010. A Mitigated Negative Declaration consistent with CEQA was adopted in October 2009. The Port anticipates receiving San Francisco Bay Conservation and Development Commission (BCDC), U.S. Army Corps of Engineers (Army Corps of Engineers) and Fish and Game Permits in the Spring of 2010.

The shoreline improvement concept includes the removal of debris and placement of rip-rap material. The design was coordinated with the Mission Bay Task Force, the San Francisco Redevelopment Agency (SFRA) and Mission Bay Development Group. In addition, the design underwent community review through the Port's and SFRA's community advisory groups. This project is expected to go to construction bid in the spring.

#### *Blue Greenway Planning and Design Guidelines*

The Port is leading the effort to develop the Blue Greenway Planning and Design Guidelines through a community planning process for the entire length of the Blue Greenway. This document will identify appropriate design standards to be applied to all new Blue Greenway projects and specify appropriate open space programs (uses) for each open space. The document will also specify public art installation locations and types, connection opportunities between the parks, and will identify project costs and prioritization of projects. This community planning process is now underway.

In April, the Port will host a community workshop to present existing conditions, opportunities and constraints, and best practices, which will be used as the foundation of the planning process. In the summer, alternative design guidelines and open space concepts, along with preliminary costs and priorities, will be presented for community review and comment. Port staff will then prepare the final document based upon community input. This document will identify which of the Blue Greenway projects originally identified in the 2008 GO Bond Report will be funded for implementation. The final document will be completed in 2010. The Port Commission will continue to receive updates and provide direction to Port staff throughout the process.

#### *Heron's Head Park Expansion*

This project is intended to improve the entrance to Heron's Head Park and provide expanded use opportunities to the site. Improvements may include lawn and picnic areas, more pronounced entry signage, reconfigured parking, opportunities for a dog walk, community gardens and a significant public art component. The Port has been working with the community and its advisory groups to develop a design concept for this project. The design concept alternatives presented by Port staff were well received by the community. Staff will present a preliminary design concept to the Port Commission for review and approval this spring and, if approved, move immediately into detailed design and construction in the fall. A Mitigated Negative Declaration consistent with the CEQA was adopted in October 2009. The Port Commission will continue to receive updates and provide direction to Port staff throughout the design process.



## **Brannan Street Wharf**

The Brannan Street Wharf (see attached Exhibit 3) is a new public open space to be constructed over the Bay between Piers 32 and 38 in the South Beach neighborhood. The project will demolish the condemned Pier 36, including the shed building and marginal wharf, and construct a new 56,000 square-foot pile supported concrete wharf along an 800-foot length of the Embarcadero. The project features a 24,000 square-foot raised lawn, a 2,400 square-foot public float for human powered craft, benches, and interpretive elements featuring labor history, immigration, and tidal change.

In the last few months, Port staff and consultants have completed design review with both BCDC's Design Review Board and the Port's Waterfront Design Advisory Committee, advanced final engineering to 60%, and published an initial study as part of the CEQA approval process. In addition, with the support of Speaker Nancy Pelosi, the Port has received federal funding of up to \$4.8 million for the demolition of Pier 36, to be carried out by the Army Corps of Engineers.

The receipt of federal funds triggers the need to comply with the federal environmental review requirements under the National Environmental Policy Act (NEPA). Port and Army Corps of Engineers staff are closely coordinating environmental review efforts to meet both CEQA and NEPA requirements and expect completion by the end of summer 2010. The Port is also negotiating an agreement with the Army Corps of Engineers to coordinate construction design and engineering plans to support integrated implementation of the pier demolition and park construction components of the project, once all environmental review requirements have been met. The demolition component of the project will be bid and administered by the Army Corps of Engineers. It is anticipated that demolition will commence in January 2011, and be completed six months thereafter. As demolition nears completion, the Port will bid and award the wharf construction project early enough to allow construction to start as soon as the demolition contractor moves off site. Construction of the wharf is expected to last 16 months with substantial completion scheduled for the fall of 2012.

Current funding for the project totals \$23.6 million and includes \$17.5 million in Port funds, \$3.0 million from the GO Bond, and an estimated \$3.1 million from the federal government. The federal funds will pay two-thirds of the demolition costs up to a maximum contribution of \$4.8 million. Total project costs are currently estimated at \$25.5 million resulting in an estimated \$1.9 million shortfall. Port staff is examining additional funding sources, value engineering, and bid alternates as ways to bridge the gap and ensure successful project delivery.

## **Program Oversight**

Port staff has been providing monthly project status reports to the Recreation and Parks Department to include on their 2008 Clean and Safe Neighborhood Parks Bond website <http://parkbonds.sfgov.org/2008/>. In addition, Port staff has been providing the City's General Obligation Bond Oversight Committee (GOBOC) with bi-annual status reports on the Port's 2008 GO Bond funded projects.





**Conclusion**

The Port's 2008 GO Bond funded projects are all underway in various stages of implementation. Staff will continue providing periodic status reports to the Port Commission on the Port's 2008 GO Bond funded projects.

Prepared by: Kim von Blohn, Project Manager, Engineering  
David Beaupre, Planning & Development  
Diane Oshima, Asst. Deputy Director, Planning & Development  
Steven Reel, Project Manager, Engineering

Prepared for: Ed Byrne, Chief Harbor Engineer

**Attachments:**

Exhibit 1: Waterfront Open Spaces  
Exhibit 2: Blue Greenway Projects  
Exhibit 3: Brannan Street Wharf



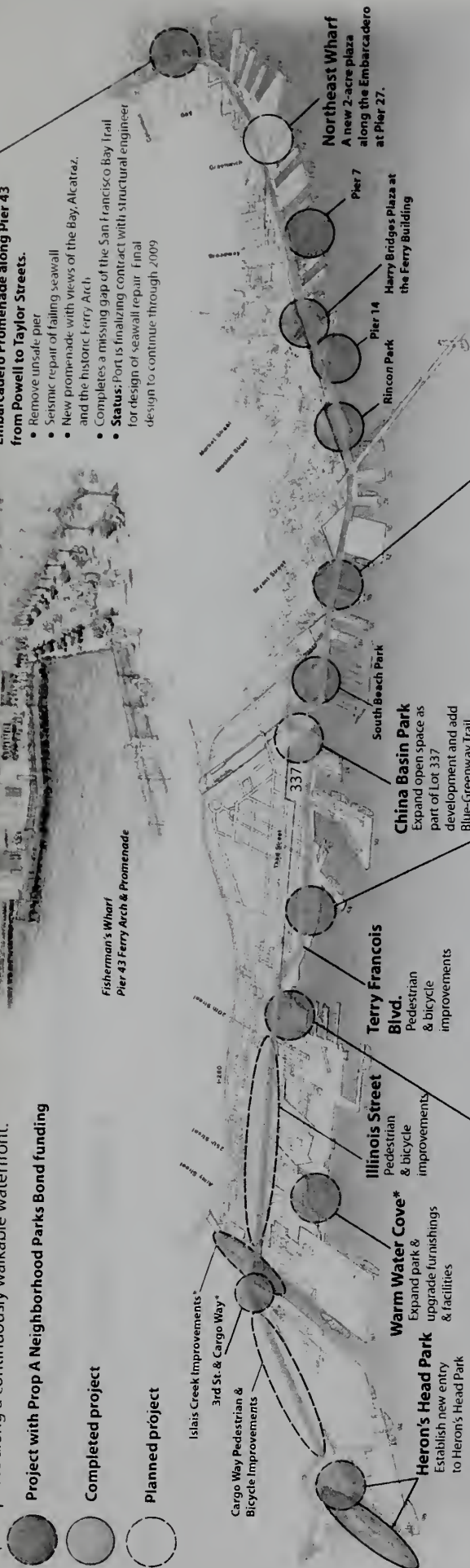
# Waterfront Open Spaces

The Port of San Francisco is developing a series of public parks and open spaces along a continuously walkable waterfront.

Project with Prop A Neighborhood Parks Bond funding

Completed project

Planned project



## Pier 43 Promenade

Continuation of the Bay Trail and Embarcadero Promenade along Pier 43 from Powell to Taylor Streets.

- Remove unsafe pier
- Seismic repair of failing seawall
- New promenade with views of the Bay, Alcatraz, and the historic Ferry Arch
- Completes a missing gap of the San Francisco Bay Trail
- **Status:** Port is finalizing contract with structural engineer for design of seawall repair. Final design to continue through 2009

**Northeast Wharf**  
A new 2-acre plaza along the Embarcadero at Pier 27.

Pier 7  
Harry Bridges Plaza at the Ferry Building

Pier 14  
Rincon Park

**China Basin Park**  
Expand open space as part of Lot 337 development and add Blue-Greenway Trail

**Terry Francois Blvd.**  
Pedestrian & bicycle improvements

**Illinois Street**  
Pedestrian & bicycle improvements

**Warm Water Cove\***  
Expand park & upgrade furnishings & facilities

**Heron's Head Park**  
Establish new entry to Heron's Head Park

## Blue-Greenway

A series of new connected open space improvements along the southern waterfront identified by the 2006 Mayor's Blue-Greenway task force.

- Signage & design standards to define the Blue-Greenway from China Basin to City's southern border
- Bicycle and pedestrian improvement to Cargo Way, Illinois Street, and Terry Francois Blvd.
- New open spaces at Heron's Head Park, Islais Creek, Pier 70, and Mission Bay
- **Status:** Port will hold public meetings beginning in Fall, 2008 to review project priorities and establish design criteria.

\*Projects that require prioritization through community planning process

## Bayfront Park at Mission Bay

Rebuild the Bay edge to accommodate recreation uses of the planned Bayfront Park in Mission Bay.

- Remove hazardous Bay edge conditions
- Construct accessible shoreline edge
- **Status:** Port is reviewing park design with the San Francisco Redevelopment Agency. Engineering design of shoreline to begin in early 2009

## Brannan Street Wharf

On the water's edge in the heart of South Beach, Brannan Street Wharf will be a new neighborhood "green," defining the center of the neighborhood.

- Replace the dilapidated Piers 34 and 36, with a new wharf and a public float for small craft
- Developed with a 23-member citizen committee
- **Status:** Port is reviewing structural design engineering proposals. Design to continue through 2009.

Crane Cove Park at Pier 70

## Pier 70 Crane Cove Park

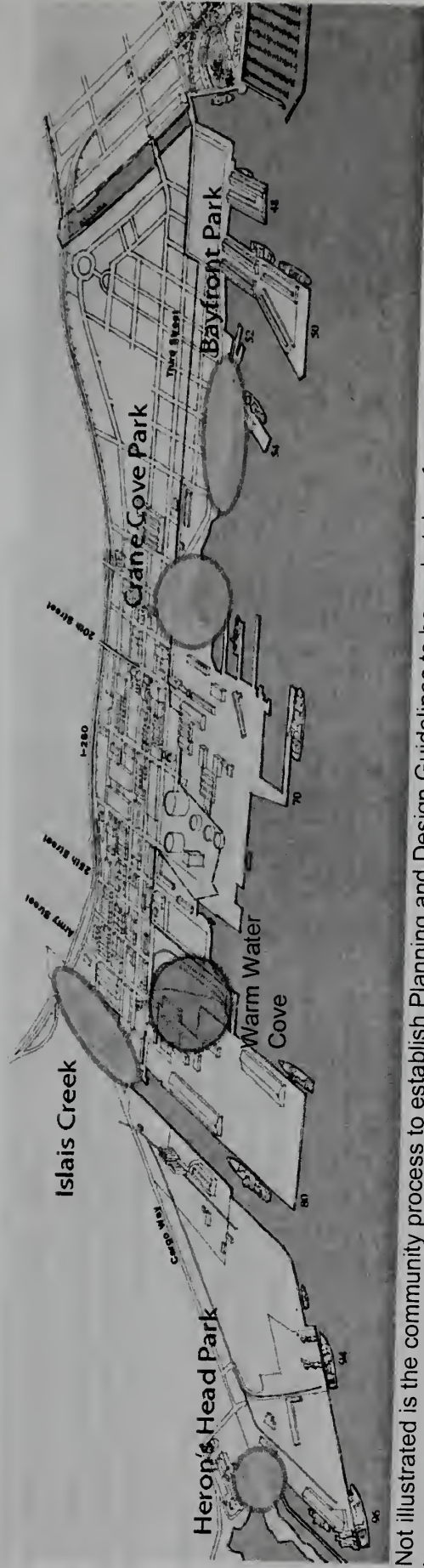
Adjacent to the United States oldest operating civilian shipyard, Crane Cove Park would serve the Central Waterfront and Potrero neighborhoods and feature the historic Pier 70 shipyard, a public beach, and include:

- Over 1,200 feet of Bay edge access
- A historic slip with two cranes
- Possible small boat/aquatic center
- **Status:** Project scope being developed as part of the Pier 70 planning currently in process.





## 2008 Clean and Safe Parks General Obligation Bond **Blue Greenway Projects**



Not illustrated is the community process to establish Planning and Design Guidelines to be undertaken for entire Blue Greenway and installation of way-finding, interpretation, public art and site furnishings.





# Brannan Street Wharf – December 2009

Location: Embarcadero and Brannan Street

Project Manager: Steven Reel, [steven.reel@sfpport.com](mailto:steven.reel@sfpport.com)

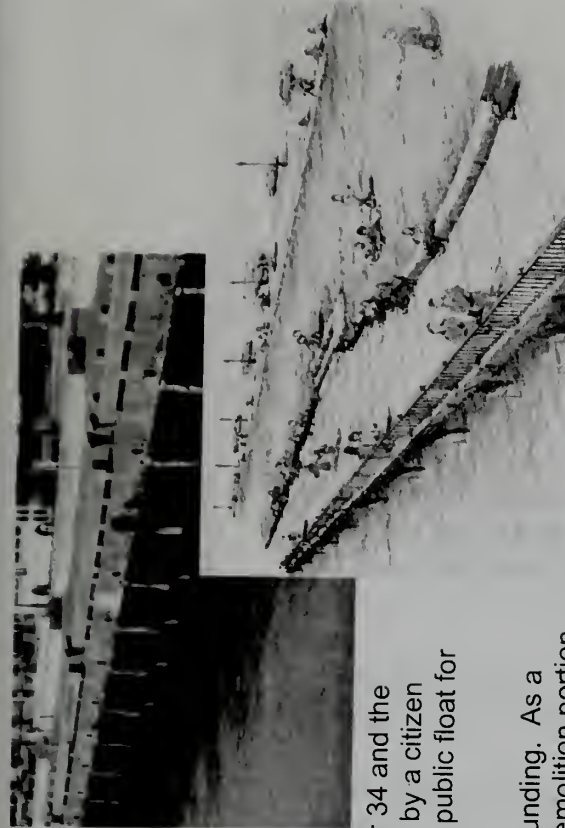
**Background:** On the water's edge in the South Beach area, at Brannan Street, the project area consists of approximately 850 linear feet of waterfront currently fenced off due to the poor, unsafe condition of the wharf.

**Project Description:** This project will replace the dilapidated Pier 36, the former Pier 34 and the marginal wharf with a new public wharf open space. Park features, as recommended by a citizen advisory committee convened for this project, include a neighborhood green space, a public float for small boats, and seating and picnic areas.

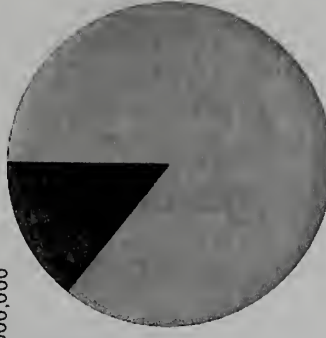
As currently envisioned, the project may cost more than the \$20.6 million in secured funding. As a result, the Port successfully pursued a \$4.5 million federal earmark to help fund the demolition portion of the project. The Port is currently negotiating with USACE regarding scope of work and funding restrictions.

**Remarks:** Design and Engineering reached 60% completion the end of December and is currently being reviewed by the Port. The next scheduled submittal is 95% in mid April, 2010. The Environmental clearance process reached a milestone with the publication of an Initial Study on December 23, 2010 (<http://www.sf-planning.org/index.aspx?page=1828>). The CEQA process is now scheduled for completion in August, 2010. The Port continues to negotiate the terms of an agreement with the USACE for demolition of Pier 36.

	Budget	Current Appropriation	Paid to Date	Encumbered	Balance
Engineering / PM	3,043,560	3,043,560	830,878	956,495	1,256,187
Construction	15,217,800	2,652,084	0	0	2,652,084
Project Contingency	2,372,894	304,356	0	0	304,356
Estimated Project Cost	20,634,254	6,000,000	830,878	956,495	4,212,627



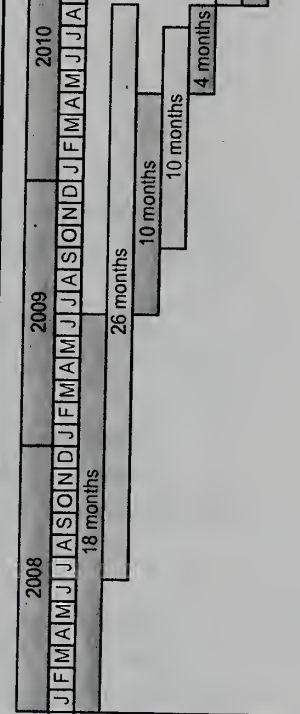
G.O. Bond Funds,  
\$3,000,000



Other Funding,  
\$17,634,254

## Brannan Street Wharf

	Baseline	Start	Finish
Design, Environmental Clearance and Entitlements	Actual	Jan 2008	Jun 2009
Construction Drawings	Actual	Jul 2008	Aug 2010
Bid/Award	Actual	Oct 2009	Jul 2010
Construction	Actual	May 2010	Aug 2010
	Actual	Sep 2010	Dec 2010
	Actual	Sep 2010	Sep 2012







## MEMORANDUM

February 1, 2010

**TO:** MEMBERS, PORT COMMISSION  
Hon. Rodney Fong, President  
Hon. Stephanie Shakofsky, Vice President  
Hon. Kimberly Brandon  
Hon. Michael Hardeman  
Hon. Ann Lazarus

**FROM:** Monique Moyer  
Executive Director

**SUBJECT:** Informational Update on the Port's 2008 Clean and Safe Neighborhood Parks General Obligation Bond Capital Program – Pier 43 Bay Trail Link

**DIRECTOR'S RECOMMENDATION:** Informational Only – No Action Required

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### Background

On February 5, 2008, San Francisco's voters approved a \$185 million General Obligation bond entitled the 2008 Clean and Safe Neighborhood Parks General Obligation (GO) Bond (the "2008 GO Bonds"), of which \$33.5 million is earmarked for several waterfront parks on Port property including the Pier 42 Bay Trail Link.

This report is a periodic informational update to the Port Commission describing progress delivering capital projects funded by the 2008 GO Bond. Port staff has previously provided informational updates on the 2008 GO Bond at Port Commission meetings held on January 13, 2009, February 10, 2009 and September 8, 2009.

### 2008 GO Bond – Status of the Port Waterfront Projects

The first issuance of the 2008 GO Bonds included \$3,644,438 to fund planning and design efforts for the Port's waterfront parks projects. These funds were appropriated at the end of November 2008. At its December 8, 2009 meeting, the Port Commission approved the allocation of these funds to the Pier 43 Bay Trail Link, Bayfront Park and the Blue Greenway Design Standards. The next bond issuance is planned by the City for February or March 2010 and the Port will be receiving another installment of proceeds in the amount of \$10,686,891 in project funding. The third and final bond issuance is planned by the City for the beginning of 2011.

**This Print Covers Calendar Item No. 7B**





## **Overall Project Status**

The Pier 43 Bay Trail Link (the "Project") will be a new waterfront public open space destination in the heart of Fisherman's Wharf. Located along Little Embarcadero between Powell and Taylor Streets (as shown on the attached map, Exhibit B), the Project will remove dilapidated timber piers, repair the failing timber seawall, and construct a new public promenade along the water's edge. The Project will open up views to Alcatraz, provide areas for sitting and enjoying the waterfront, and greatly enhance the pedestrian experience along this vital corridor.

The basic components of the Project were conceived 6 years ago as part of an overall Fisherman's Wharf planning process led by a joint committee of the Port's Fisherman's Wharf Planning Committee and the San Francisco Bay Conservation and Development Commission (BCDC). The committee sponsored 16 public meetings and published final recommendations in the "Fisherman's Wharf Planning Committee Recommendations" dated July, 2004 (see attached Exhibit A, 2004 Planning Concept). The current plan for the Pier 43 Bay Trail Link is consistent with the committee's recommendations and the current policy guidance including the BCDC San Francisco Waterfront Special Area Plan and the Port of San Francisco Waterfront Land Use Plan.

In early 2008, the Port secured funding for the Project through inclusion in the City of San Francisco's Clean and Safe Neighborhood Parks General Obligation (GO) Bond (the "2008 GO Bonds"). The first installment of funding in the amount of \$1,315,875 was appropriated at the end of November 2008 allowing design to begin in earnest. At its December 8, 2009 meeting, the Port Commission approved construction funding specifically for the Project from the next GO bond installment in the amount of \$6,334,125, which is pending approval by the Board of Supervisors and Mayor Gavin Newsom.

## **Project Progress**

Staff began refining the basic design in early 2009, and with the assistance of an as-needed engineering consultant, completed a survey of existing conditions, a geotechnical investigation, developed structure alternatives, and estimated construction costs. After reviewing alternatives, staff chose to move forward using a traditional design-bid-build delivery method.

The basic project plan (see attached Exhibit B, Site Plan) includes demolition of the majority of the timber portion of Pier 43½, replacement of the timber seawall between Pier 43 and the Franciscan Restaurant, construction of a 400-foot long pile supported concrete promenade extending 20 feet from the shoreline, repair of the remaining portion of Pier 43½ north of the Franciscan, and possibly constructing a new pedestrian access pier to the historic bell display at the end of Pier 43½. In addition, site improvements north of the Franciscan to Taylor Street and Pier 45 are under consideration.

## **Schedule**

At the end of July 2009, staff issued an RFP for final engineering and selected a joint venture between Ben C. Gerwick and Structural Design Engineers. A Notice to Proceed was issued on October 27, 2009 and design reached the 35% milestone at the



end of December 2009. Final design is on schedule for completion in August 2010 with bidding scheduled soon thereafter. Construction is expected to start by January 2011 and is projected to last 18 months with substantial completion by the summer of 2012.

In October 2009, the San Francisco Planning Department adopted a Mitigated Negative Declaration consistent with the California Environmental Quality Act (CEQA). The first formal design review presentation with the Port's Waterfront Design Advisory Committee and BCDC's Design Review Board is scheduled for Monday, February 8, 2010. Permitting is on schedule to be completed by the end of summer 2010.

### **Funding**

The Pier 43 Promenade project was included in the 2008 City's Neighborhood Parks General Obligation bond with an anticipated funding amount of \$8 million. At an early design phase, the engineer's estimates for all improvements are approximately \$10 million. Some of the suggested pier and roadway improvements are beyond what was described in the original bond summary project description. The project can be structured to ensure that the primary project components are accomplished within the \$8 million budget, which would include removal of Pier 43½, reconstruction of the seawall or shoreline protection between Powell and Mason Streets, and construction of a new pedestrian promenade in this area. As the design progresses we will have a better understanding of our ability to fund other project components, including repair of a portion of Pier 43½ north of the Franciscan Restaurant for public access, construction of a pedestrian gangway to the historic bell and belltower at the northwest tip of Pier 43½ (which is structurally sound and does not require further improvements), and improvements to the north edge of The Embarcadero Roadway in front of Pier 45 Shed A, which are necessary to define vehicle and pedestrian areas.

Prepared by: Steven Reel, Project Manager  
Engineering

Prepared for: Ed Byrne  
Chief Harbor Engineer

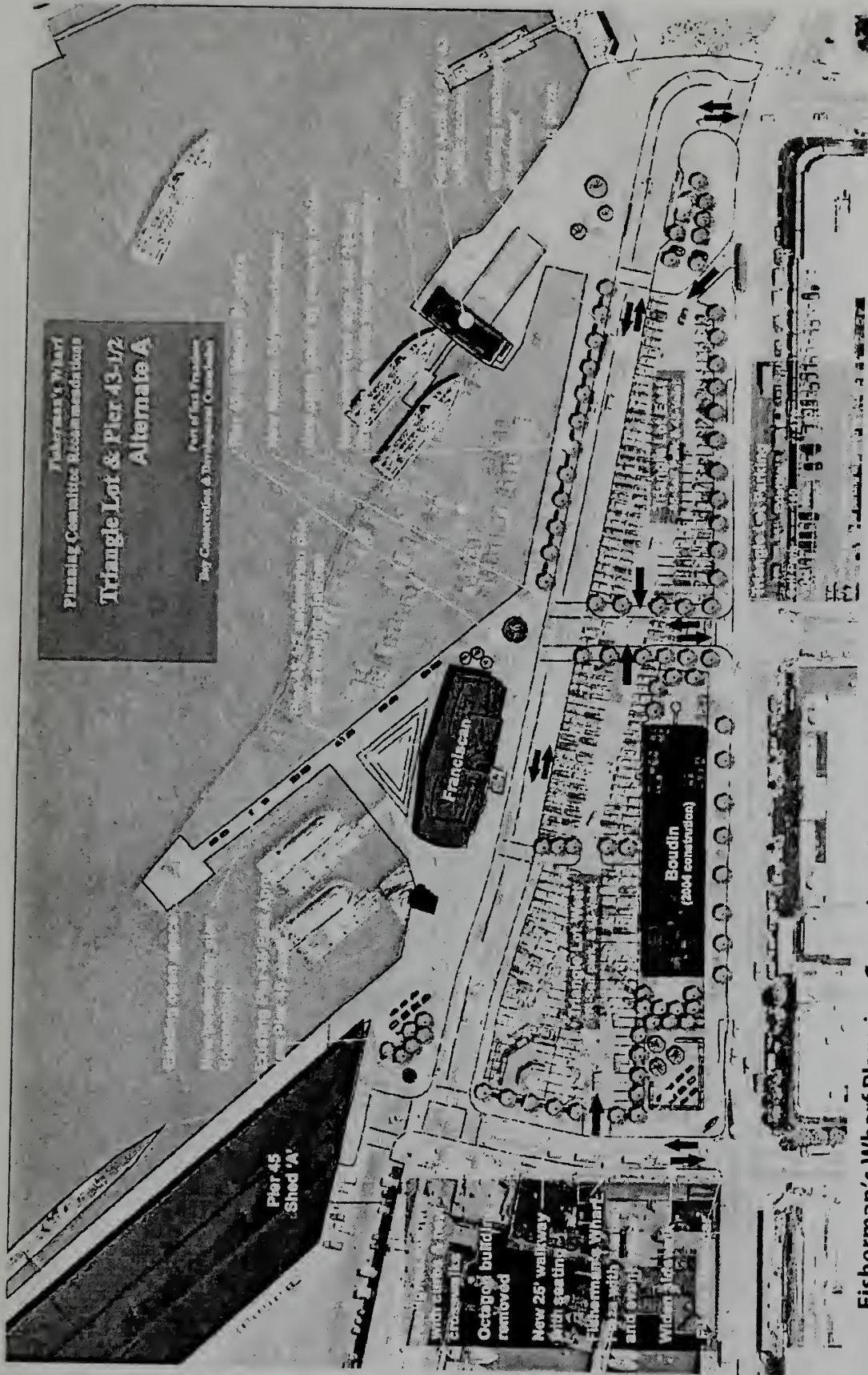
### **Attachments:**

Exhibit A: 2004 Planning Concept  
Exhibit B: Current Site Plan





Exhibit A:  
2004 Planning Concept

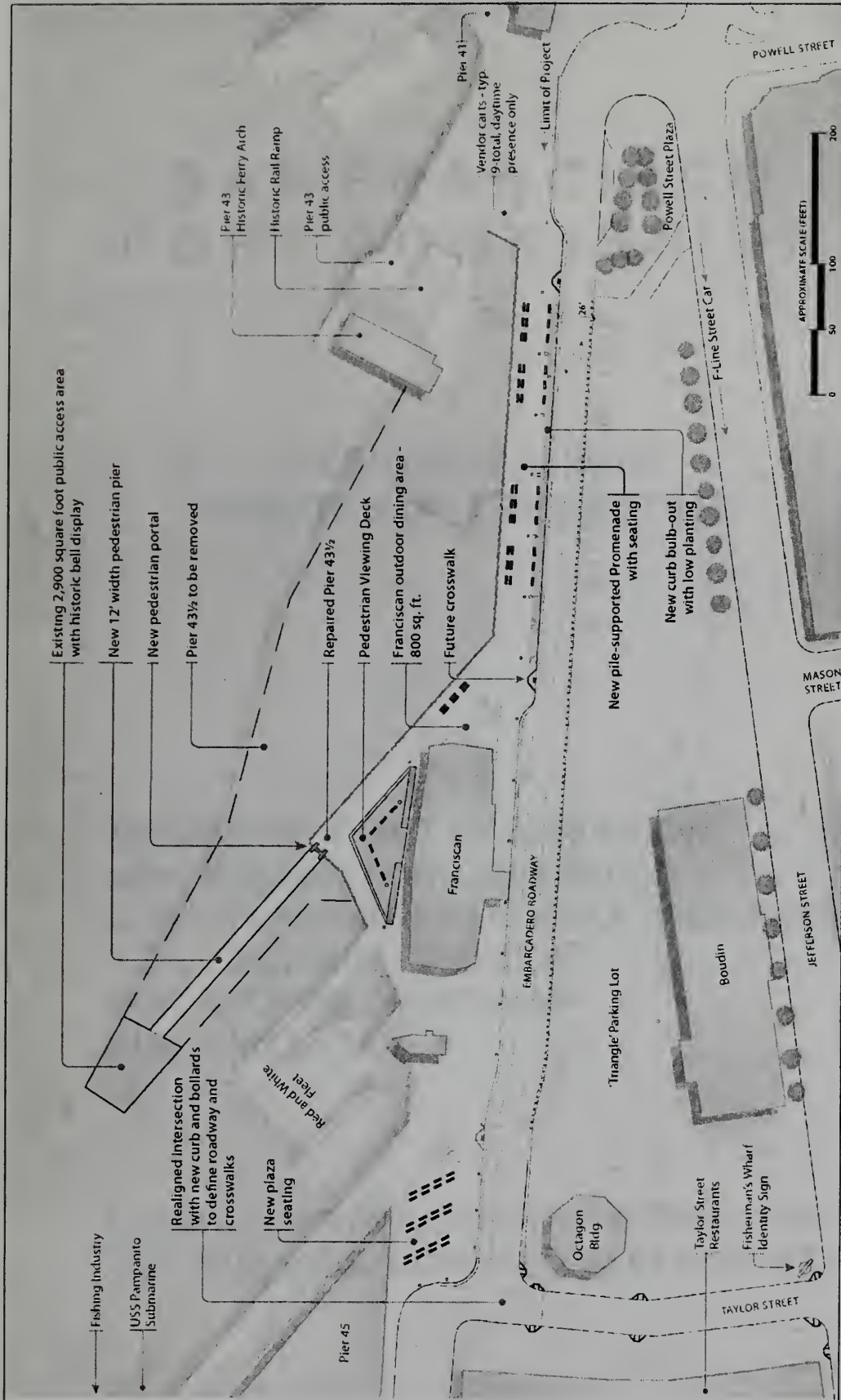


Fisherman's Wharf Planning Committee Recommendation, 2004





## Exhibit B: Current Site Plan



Pier 43 Promenade

Site Plan Port of San Francisco



# **SAN FRANCISCO PORT COMMISSION**

**FEBRUARY 9, 2010  
MINUTES OF THE MEETING**

## **MEMBERS, PORT COMMISSION**

**HON. RODNEY FONG, PRESIDENT**

**HON. STEPHANIE SHAKOFSKY, VICE PRESIDENT**

**HON. KIMBERLY BRANDON**

**HON. MICHAEL HARDEMAN**

**HON. ANN LAZARUS**

**MONIQUE MOYER, EXECUTIVE DIRECTOR**

**AMY QUESADA, COMMISSION SECRETARY**

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# **CITY & COUNTY OF SAN FRANCISCO PORT COMMISSION**

## **MINUTES OF THE MEETING FEBRUARY 9, 2010**

### **1. CALL TO ORDER / ROLL CALL**

Commission Vice President Stephanie Shakofsky called the meeting to order at 3:15 p.m. The following Commissioners were present: Stephanie Shakofsky, Kimberly Brandon and Michael Hardeman. Commissioners Rodney Fong and Ann Lazarus were not present.

### **2. APPROVAL OF MINUTES - January 12, 2010**

ACTION: Commissioner Hardeman moved approval; Commissioner Brandon seconded the motion. All of the Commissioners were in favor; the minutes of the January 12, 2010 were adopted.

### **3. ANNOUNCEMENTS.** The Commission Secretary announced the following:

#### **A. Announcement of Prohibition of Sound Producing Devices During the Meeting**

Please be advised that the ringing of and use of cell phones, pagers, and similar sound-producing electronic devices are prohibited at this meeting. Please be advised that the Chair may order the removal from the meeting room of any person(s) responsible for the ringing or use of a cell phone, pager, or other similar sound-producing electronic device.

#### **B. Announcement of Time Allotment For Public Comments**

Please be advised that a member of the public has up to three minutes to make pertinent public comments on each agenda item unless the Port Commission adopts a shorter period on any item.

### **4. EXECUTIVE**

#### **A. Executive Director's Report.** Monique Moyer, Executive Director, reported the following:

- AB 1199 Infrastructure Financing Districts – AB 1176 was the bill with respect to financing at Pier 70 that went through the state last year but was vetoed by the governor. It has been reintroduced by assembly member Ammiano. It is now called AB 1199. It went to the state assembly



on January 27, 2010 and passed by a vote of 70 to 2 and is now referred to the state senate, most likely to the Senate Policy Committee. The Committee will consider the bill in March. We are looking forward to having that go quickly. As you may recall, the senate did adopt the bill last year on a unanimous vote. We hope that they will consider that again this year.

- Sewer System Master Plan Workshops and Rain Barrels - The San Francisco Public Utilities Commission is working on their sewer master plan. As such, they are conducting a series of public workshops to help define some of their long-term sewer capital program goals. One of the workshops occurred just a few hours ago today. It was at City Hall. It was a discussion of the levels of service. The next workshop is March 9, 2010 although a time and place have not yet been determined. It will be a discussion on directing the implementation of some of their issues. The Port staff is following this as it affects not only service to the Port but some of the other aspects of the capital plan. The Web site, [www.sfsewers.org](http://www.sfsewers.org), has a summary of the workshops and other aspects of the PUC's sewer system master plan for anyone that's interested.

The Port is proud to participate in a program that the PUC is administering, which is one in which San Francisco residents can purchase 60-gallon rain barrels and larger volume cisterns at steep discounts to take advantage of storm water harvesting or rain water harvesting. In an effort to begin to look forward towards the storm water management ordinance and our implementation thereof, we're hoping that folks will make an opportunity, if they live in the city, to purchase these rain barrels. Again, that is at [www.stormwater.sfwater.org](http://www.stormwater.sfwater.org) under rain water harvesting.

- Ocean Film Festival – February 3 to 7, 2010 - This is the 7th year of the film festival. The San Francisco Ocean Film Festival is only the second Ocean Film Festival in the world. The first one came out of France. This year, it moved over to Fisherman's Wharf and was held at Pier 39 predominantly. There were over 50 films from 32 filmmakers. Several of the programs were specifically targeted to students. There were approximately 4,000 attendees. Some of the films are just amazing if you happened to see any of the clippings. One particularly on whales is really great. Commissioner Fong moderated two of the panels over the weekend, one Saturday morning and one Sunday morning. The Port was very proud to be not only a sponsor of the film festival but to be engaged in such an important activity as getting to know our marine environment more. We're very happy about that and thanked John Frawley, the executive director of Bay Institute, for taking this on and his great success this year.
- U.S. Secretary of Transportation Port "Roundtable" in San Diego – February 4 to 5, 2010 - The American Association of Port Authorities held





a meeting in San Diego for Port senior management to meet with Secretary of Transportation LaHood. Peter Dailey represented the Port of San Francisco at that meeting. Almost every port was represented, for sure all of the 11 California ports were there. Secretary LaHood is working hard under the Obama administration to make a more important place in the administration for ports and their issues. He anticipates that there will be federal legislation coming forward related to transportation. For the first time in a long time, we are hearing from the secretary that ports should have a more specific and articulated role in that legislation. In his estimation, he gets that ports are of importance to not only fueling future jobs but to economic sustainability and development of the nation. That's very promising news for the Port of San Francisco. Transportation, particularly freight access, is a key element of what the ports wanted to speak to the secretary about. He has encouraged all of the ports to come back with about three major points. The American Association of Port Authorities, and the California Association of Port Authorities are each working on those objectives. The Port of San Francisco is very much involved. We'll have more updates on that as it goes along.

- Pier 15 Water Line Break - The Port experienced a water line break at Pier 15, which is the home to Bay and Delta Marine. The leak first occurred in September and was repaired within 24 hours of being noticed. Apparently, a new leak occurred sometime in November and was discovered through the PUC's monitoring of water metering. PUC notified us, and an under-pier inspection was done. The PUC and the Port's plumbing shop both responded, turned off the valves with limited usage and thought that the problem had been repaired yet again. These are very old piers. They're very long. Pier 15 is about 800 feet. The utilities run all under the pier. So one of the problems that we have is we can't go out immediately. We have to go out at low tide. The recent storms haven't been very helpful with that. The pier was finally repaired in late January but not until after a significant amount of water had leaked into the bay. We have worked with our state regulators on resolving the issue. They are very much aware of our efforts. It has sparked a whole new protocol between the Port and the PUC on how to notice and remedy these problems. In addition, you may be familiar with the PUC's efforts to install a smart-meter pilot program around the city. The Port is going to help participate in that. We're hopeful that this was a one-time incident. While we know that our pipes will continue to leak until we can fix them as described in the 10-year capital plan, we think we have in place a better methodology for responding quicker.
- Issuance of \$36.65 million, Revenue Bonds, Series 2010 - On February 3, 2010, the revenue bond transaction closed as planned. As a result, the Port issued bonds in the amount of \$36.65 million. These are revenue bonds of the Port. They are backed by the Port's balance sheet. Therefore, all of the revenues that we earn go first to pay operations and maintenance expense and second to pay debt service on the bonds. The





bonds were issued in two series. One series is called the 2010A, which are tax-exempt bonds, meaning that interest on the bonds earned by investors is not taxable as income. About \$14.2 million in tax-exempt bonds was issued. The other series is series 2010B, which is \$22.4 million. These are taxable bonds, meaning that interest earned by investors is taxable for purposes of income tax. The reason that there are two series of bonds is there are very strict laws under the IRS for what projects qualify as tax exempt, meaning a tax shelter, and which projects qualify as taxable. In cases where we have private users, those are taxable projects. For example, the bonds went to fund approximately 7 projects. Aspects of the Pier 27 and Pier 35 cruise terminals were financed. Certain of those expenditures are tax exempt, and certain of those expenditures are taxable according to the IRS code. Likewise, proceeds were raised for Pier 19 roof, which is considered a taxable expense because there are private users under that roof. For Piers 19-23, we are looking to study a port-driven project there. There is some money for that. For Pier 33, there was money to create new office space in the bulkhead building. Because that would be used by a private user, that's a taxable expense. Lastly, infrastructure improvements to the backlands, which is a very big first step for us in reusing and redeveloping that area. That hopefully, will be leased to a private entity, so that is considered a taxable expense.

We will be paying annual debt service starting next fiscal year in 2010-11 for the next 30 years. This represents the first time in 25 years that the Port has been able to leverage its balance sheet for new capital projects. It's certainly something that we've all aspired to for a long time. It's only in the recent years that this really became a reality. The bonds were rated by all three of the major municipal bond rating agencies. The highest rating was from Moody's Investors Service at an A plus. Standard and Poor's rated it an A minus. Fitch rated it an A. That gives us an average of about an A.

The bonds were very well received by money market funds mostly throughout the country. The bond team was pretty large which consisted of our co-financial advisors, Public Financial Management, Backstrom, McCarley and Berry, our bond underwriter, Jefferies and Co., our trustee bank, Deutsche Bank, our co-bond counsel, Hawkins Delafield and Lofton and Jennings, our disclosure counsel, Orrick, Herrington and Sutcliffe, our deputy city attorney, David Roux, all of whom had to issue opinions on behalf of the bond holders. The city's office of public finance, with the help of Nadia Sesay. There were numerous Port staff, most significantly Tina Olson in the months before she left, Larry Brown, John Woo and myself. In the broad scheme of our capital needs, as you will know when we talk more this afternoon about our 10-year capital plan, \$36 million is not a tremendous amount of money but it is a very significant first investment and, again, the first one we've been able to do in a quarter of a century. It speaks volumes for the port. She encourage everyone to pay particular



attention today to the conclusion section of the capital plan because it summarizes all the great new tools that we've been able to amass in the four years since we first identified that need.

The bonds are a very important aspect of it. The bonds deal couldn't have been done without the help of hundreds and hundreds of people. She thanked everyone involved starting with the commissioners for their dedication and vision and diligent management of the Port's balance sheet and other aspects of its business.

Each and every Port staff person has worked in some way to contribute to this. She acknowledged and thanked every one of them. We've had help from our colleagues in Mayor Newsom's office, the City Controller's Office, the City Attorney's Office, the Board of Supervisors, the Department of City Planning, the City Capital Planning Committee and many other departments who have worked to share our vision and cooperate with our financing needs.

We are equally grateful to both BCDC and the State Lands Commission for their help and to our numerous community advisory committees, trade associations and our extraordinary tenants and customers. She can't underscore enough how many of us it takes to get all this done. On behalf of the Port's current and future generations, she asked everyone to accept our gratitude. She hopes that you all take great pride in this achievement.

- Coin machines for Haiti Relief at the Port of San Francisco Pier 1 lobby - You may have noticed, if you've been in the Pier 1 lobby, that there is an odd-looking coin machine. It has been donated by Safeway on behalf of the city to help collect coins for Haiti relief. The coins are being collected and then donated to the American Red Cross, the U.S. Funds for Unicef, the Clinton-Bush Haiti Fund and Partners in Health. We're not getting a lot of foot traffic into Pier 1. We'd sure like to have more. If you have big jars of coins at home, hopefully, you'll consider bringing it in and donating it to Haiti relief. It would be very much appreciated.
- Christening of the PV Drake - On Wednesday, February 17, 2010 at 11:00 a.m., the California Bar Pilots are going to be christening a new vessel, the Drake, which makes the third ship christened in the last 90 days here at the Port, which again is a pretty phenomenal event. She has been invited to do the christening. She invited the Commission to come out and help celebrate their success. She's very much looking forward to that.
- State Lands Commission letter regarding Exploratorium - Yesterday, we received from the State Lands Commission their letter confirming the trust consistency of the Exploratorium project. They had to make two findings. One is that the project is consistent with the public trust and the other is that it is consistent with the Burton Act. This was probably a finding that was over 12 months in the making. It took an incredible amount of work





from the Exploratorium team and the Port team and the State Lands Commission to come up with this conclusion. It is based in large part on something they have coined as a balance of public trust consistency. It relies heavily on the Exploratorium's plan to make available these great, historic piers to the public, both externally and internally. The State Lands valued that as a public amenity. It relies heavily on the Exploratorium's plan to make sure that the public has full access to the pier. She acknowledged the Exploratorium staff and team for their tremendous efforts in coming up with a solution to that. We are very close to having received all of the entitlements that the Port has responsibility for. There are just two primary ones remaining, one of which is the permit from BCDC. The other is the permit from the City Department of Building Inspection. The State Lands Commission's findings are a little more detailed than what she's just described. For anyone that's interested, she'd be happy to elaborate. They've worked very, very hard to come up with this. It's just tremendously good news.

## **5. CONSENT**

- A. Request approval to assign Lease No. L-13395 from RMC Pacific Materials, Inc. to CEMEX Construction Materials Pacific, LLC (concrete batching plant at Pier 92). (Resolution No. 10-06)

ACTION: Commissioner Hardeman moved approval; Commissioner Brandon seconded the motion. All of the Commissioners were in favor; Resolution No. 10-06 was adopted.

## **6. FINANCE AND ADMINISTRATION**

- A. Informational presentation on the Port's Biennial Operating Budget for Fiscal Years 2010-11 and 2011-12.

Andres Acevedo, Budget Manager, indicated that in November of 2009, the voters of San Francisco passed proposition A, which mandated that the city move to a two-year budgeting process. This is a rolling process. This is not going to be that Port staff will present to the Commission a budget once every two years. Staff will present to the Commission every year a new two-year budget. We're going to go through the same process that we had before. We're going to be doing two fiscal years at a time rather than one. The Port PUC and the airport are the first city departments to implement it this year. The balance of the city departments will bring it on in the following fiscal year.

Starting off in 2010-11, we project revenues of \$67.6 million or a \$3.8 million increase over the prior year. That's a 6 percent increase. Primarily, that's in commercial and industrial rent, which is going up an estimated \$2.6 million or 7 percent. This is primarily in the percentage rent. Of the \$2.6 million, \$2 million of that is an increase in percentage rent. He pointed out that we're comparing revenues year to year. What happens is not that percentage rent



is growing tremendously; it just did not come out as bad as we thought it would last year. Even though our rent is going up this year in terms of budget basis, it's just that last year, we anticipated the rents would suffer a higher decrease or decrease more from the prior year. That hasn't come through. In comparison to the actuals from the year before (2008-09), our percentage rent for this coming fiscal year will be 16 percent down from what our actuals were two years ago.

Non-percentage rent is increasing by \$600,000. The majority of that is from the Trans Bay Cable, which is a new lease that we have, which is giving us a million dollars a year in rent. Our rents are actually going down if it wasn't for the Trans Bay Cable.

The other big increase is in parking revenue, \$1.4 million or a 13 percent increase. That's a result of the new leasing and new operators we have at various seawall lots. Interest on investments is going to stay the same. In 2011-12, we project revenues of \$69 million, which is a 3 percent increase over the 2010-11 budget. That was projected increase in cargo revenues, about 6 percent. The other big increase is harbor services revenue, which is the San Francisco Bar Pilots' rent. Next year, we have forgone the increase for one year. That would be when that increase would roll in.

Interest on investments is also going up by \$265,000. That's in anticipation of interest rates rising. We would take it up by half a percent of the average interest rates that we would get on money held by the treasurer.

Expenses - going back to 2010-11, we have an expense budget of \$67 million or \$3.3 million higher than the current year. The main driver of that are salaries and fringe benefits going up by 6.6 percent or \$1.9 million. The real driver of that is the city's retirement fund. Our contribution to the city's retirement is going up by 43 percent. The healthcare costs are going up another 10 percent. The other driver of that is, this current year, the vast majority of the labor unions gave back some salaries, approximately about 3 percent. It varies from union to union. The controller's office has asked us to assume that those give backs, which were scheduled to expire at the end of this fiscal year, will not be renewed.

There are ongoing negotiations. There was just an article in the paper today about Mayor Newsom proposing reducing the workweek to 37.5. Those are ongoing negotiations. That number will change as those negotiations come to fruition.

Additional expense increase is other current expenses going up by \$1.3 million or 15 percent. Those are primarily in professional and specialized services. Over half of that is from one item, which is our terminal management agreement at Pier 80.





In prior years, we were budgeting that as the expense of that was in the revenue. So we were budgeting less revenues and paying through some kind of a credit of the revenues back to the operator. The controller's office has asked us not to do that. We have to move that to the expense side. 56 percent of that \$1.3 million is the cost of the terminal agreement. You also would see an increase on the expense side. On the revenue side, you'd see that increase as well. It's just moving it from one side to the other.

Services of other departments are our work order budget. That includes the city attorney, the fire department, police department, a variety of other departments is going up by 8 percent or \$1.2 million. Primarily, that's being driven by projected salary increases at the Fire Department.

The Department of Parking and Traffic, we're paying them an extra \$337,000 for the maintenance and management and collections of the new parking meters. We took that from being an in-house operation. We've work ordered that money over to DPT. We also have an increase to our work order with the Bureau of Light, Heat and Power at San Francisco Public Utilities Commission. That's primarily from paying back a loan that we got from them as part of the energy efficiency project. They loaned us the money to do the work, and we're paying that back over four years.

Moving on to the second budget year, 2011-12. Expenses are going up significantly less, only \$600,000, or less than 1 percent. Primarily, that's being driven by mandatory fringe costs. We are assuming no increase in salaries in the second year but fringe costs have continued to go up. We are expecting another 22 percent increase in retirement costs and another 10 percent increase in health insurance costs. There is a slight increase for a new position in the second year.

Other current expenses increase is 6.3, which is primarily professional services. That's IT consulting services that we're going to be using as part of the city's new payroll and personnel management system they're going to be rolling in. That money is going to be used to hire a consultant to come in and look at our Legacy systems and how we can either integrate our Legacy systems in with the new systems or, in cases where we can actually get rid of our old Legacy system and just use the city's new system.

Annual projects will decrease in that second year by \$1.4 million. That's because, in the prior year, we had several IT projects that will be done in the first year. The cost for annual projects will decrease year to year. Finally, in the work orders, they're staying pretty much the same, though we do have an additional \$234,000 budgeted for PUC for the third and final phase of the energy efficiency project. We start paying that third phase off in that year.

Personnel changes over the next couple of years - the first one is accounting. We're taking an accountant II and requesting to increase it to an 1823 senior administrative analyst position. It's not a new position. We're just swapping





one position for another. That's in anticipation of all the capital projects we'll have coming through because of the bonds. We need a higher level of person who can do more of the analytical work as part of the requirements for those bonds and the reporting requirements of those bonds and tracking those capital projects as they come through.

Maintenance division is asking for one of the only new positions we have, which is a sheet metal worker. Currently, we have a person in that position. That's been a capital-funded position for a number of years. We'd like to turn that into an operating position. They have a very small shop. They currently only have four people in that shop. If we lost that position, that would bring them down to two workers and a supervisor. You need a minimum of three people for air conditioning or heating work. Two people working on it up there and then one person down below for safety reasons. They are also requesting a gardener but that would be in the 2011-12. That's as a result of the park bond money that will be coming through. We'll have new parks. There will definitely be more work for gardeners. We need an increase in staff to handle the additional work load. Engineering is requesting the reclassification of the building inspector from a senior building inspector to a chief building inspector based on the current work that the incumbent is doing. They're doing chief-inspector-level work. They are running the higher inspection program. We are transferring an existing 1824 out of finance administration over to the executive division. They will be doing primarily the same job as they were, but they will also be working on some of the federal government interrelations projects.

This is an informational item and it will be presented to the Commission at the next meeting for approval. We will be submitting it to the mayor's office thereafter. The process should stay the same as it has in the past. The Mayor's office will review it. We'll negotiate some changes with them. As some of the labor costs come through, we will get better numbers on the health and the retirement costs, those numbers might change throughout that process. On May 1st, the budget goes to the Board of Supervisors. The Mayor will submit the enterprise departments' budgets to the Board of Supervisors. It goes through that same process with an expected conclusion around the end of July. We'll have a final budget passage through that.

Commissioner Shakofsky asked if the Port was called out in the voter-approved language that we would go first or did the Port volunteer.

Andres Acevedo replied that as far as he knows, we were requested. They asked for all the enterprise departments to do the primary. They figured that we had, generally compared to other departments, larger financial staff that could handle the work. This is a learning process for the city and the controller's office as well. We're developing this as we go along. They have some preliminary things. We are kind of the guinea pigs in terms of that. From our experience, they'll be able to develop a better set of guidelines for the general fund departments.



Commissioner Shakofsky asked about the Mayor's proposal that we go to a 37.5 hour workweek. She asked if that would also affect the enterprise agencies.

Andres Acevedo replied that it would affect the enterprise agencies although it's not reflected in the numbers in the staff report.

Commissioner Shakofsky asked about the line item entitled "all other departments." The amount listed is larger than all the other departments Andres previously discussed. She asked him to illuminate what "all other departments" outside of legal, fire, human resources and PUC.

Andres Acevedo replied that it's a long list. He can't remember if risk management is up there or not. It's one of the largest ones, approximately \$2.2 million, primarily a pass through of the cost for insurance. They also get a small percentage for handling the negotiations with the insurance agencies that we use. IT services with Department of Technology, almost \$500,000. They have another \$300,000 for telephone costs. The majority of that is actually a pass through. It also includes the cell phones, our Internet connection cost and also the 800 megahertz radios. Fire and police departments are on here. For the police department, we pay for one dedicated officer. We also pay for the staffing when the cruise ships come in and some special events. We work with them through work order. DPW is another big one. That's a variety of different things we do. We're paying for some engineering work and assistance with them. We're also paying for a portion of the street cleaning in The Embarcadero, some help with contracting.

Commissioner Shakofsky asked about the amount we pay on street cleaning.

Ms. Moyer replied that it amounts to \$275,000. For street cleaning, building repairs, engineering, construction management, street repair and urban forestry, it amounts to about \$400,000.

Andres Acevedo added that light, heat and power cost almost \$2 million.

Ms. Moyer added that worker's compensation rolls through the Department of Human Resources, which is a little over \$800,000. We also contracted with City Planning for CEQA work and also for the Northeast Waterfront Study.

Andres Acevedo added that we also have a couple hundred thousand dollars with Rec and Park for support with some of the permitting issues we have with our capital projects.

Commissioner Shakofsky commented that when she sees other unclassified items like that and it's 8 percent of the budget, it just rings a bell.





B. Informational presentation on the Port's Proposed \$38.5 Million Biennial Capital Project Budget Funding for Fiscal Years 2010-11 and 2011-12.

Lawrence Brown, Financial Analyst, presented the \$38.5 million capital project budget for the next two years. As Andres Acevedo described in the earlier presentation on the operating budget, we are doing a biannual budget. We are one of the enterprise departments that have been asked to start the process. So this is our first two-year budget. We propose a budget for 2010-11 and 2011-12. We are seeking Commission's comments and input. We will be requesting Commission's approval at the next meeting on February 23.

The budget process starts probably in September. It takes several months, and it culminates with the executive director and the Port's Capital Project Budget Committee. We have a meeting in December. The budget committee members meet and consider all of the capital projects that are recommended for funding by our various port divisions. They are reviewed internally at a mid-level managers meeting for a first-level screening. We bring recommendations to the executive director and the committee. They meet and do their final decisions and recommendations to bring to the Port Commission.

In deciding what projects to fund and funding levels, the committee and Port staff and the executive director, the following criteria is used. We evaluate projects on health and safety. We look for projects that need additional funding for projects that are currently underway. We are looking for projects that help preserve our Port assets, that help to prevent loss of current revenue that the Port is generating.

Another criteria is maintenance of our facilities. We also look at revenue generation. Some of the capital projects will help increase our revenues. We also look at advancing the Port's mission. That includes particularly open space and public access.

Several of the projects have public access or open space components. Funding for these projects, approximately \$38.5 million, are coming from several sources. One is the unappropriated operating fund balance that we generate each year for the next year and the following year.

That excludes the 15 percent operating reserve, which we hold by Commission's policy. After we've taken all that into consideration, we look at what is available for capital. Our operating fund for next year, we're projecting a little over \$9 million. There is also a \$550,000 annual payment that is an environmental payment from Trans Bay Cable. Trans Bay Cable, as part of their lease, as soon as the lease commences, which is expected this spring, they will be making an annual payment for the next 10 years of \$550,000. That is going to fund an open-space project in the southern waterfront.



For next year, we're expecting, in Port operating funds, about \$9.6 million. In 2011-12, finance is estimating that we'll have an unappropriated operating fund balance of \$7.5 million. To that, we'll have our \$550,000 for Trans Bay Cable payment and also a little under \$4.5 million in unspent debt service funds. Those are funds that were appropriated this year that we are not going to spend. They were connected with the Port's revenue bonds. The last revenue bonds were repaid on July 1st of this year, the first year of the current operating fiscal year but the funds to make that payment were appropriated last year. They didn't take any of this year's funds. Due to the delay in doing the new revenue bonds, we will not be making a payment this year. We suggested to take those funds and use them for capital. We have quite a few capital needs, particularly in our repair and maintenance area. We are proposing that that's the best use of those funds. Those funds will be available for 2011-12.

In addition to the Port's funds, we also have some funding from some bond sources. The first is 2008 Safe and Clean Neighborhoods, Parks GO bonds. Two issues have been done so far. One was done last year. The second issue of bonds will be coming up, expected to close later next month. The third issue is expected to close sometime in the spring of 2011. So we're proposing using funds for the third issuance to finish the waterfront parks projects.

We're also proposing to take a small amount of money, less than \$140,000 from the newly issued 2010 Port revenue bonds. During the closing process, a small amount of additional money was found, and it was not appropriated. We would like to propose the appropriation during this budget cycle. We are proposing to use those funds for the Pier 27 cruise terminal. It's going to be quite a large project. The budget for the planning and design and with additional costs for the shore side power, the budget is very tight. We believe that \$140,000 is really needed for that project. It would really help out. Those are the fundings that we have.

Moving on to the projects - we're proposing \$38.5 million in capital projects over the next two years in spending. \$25.9 million for 2010-11. That includes both Port money and the GO bonds, both bond issues and \$12.5 million in fiscal year 2011-12. Of that amount, We're proposing to spend about \$11.3 million for new capital project expenditures. We have \$6 million for our dredging. We consider it sort of new because we have new dredging programs each year. This will fund the dredging programs for 2010-11 and 2011-12. The 2011-12 dredging program will be slightly higher. It's skewed toward the 2011-12 but it would be \$6 million in total for both of those years.

Included in our proposal is another \$1.85 million for projects for the Pier 70 area. That includes cleanup of and stabilization and some minor repair to the historic buildings at Pier 70. Most specifically, the initial funding we were planning on using would be for stabilization of the Union Ironworks building, which is building 113. The cleanup portion initially would be cleanup of





buildings 113, 101 and 104. The main building that we are planning on cleaning up is the Bethlehem Steel building, the one at 20th and Illinois. Also as part of the \$1.85 million are repairs to the roofing and window systems at building two at Pier 70. The roof is in very bad shape, and water is leaking and pouring into the building. It's affecting leasing of the building. We're now leasing just the bottom floors of the building. The top floors are being used as sort of the roof for the building. It's not historic, but we'll lose the building if we don't do these repairs. That will help save the building.

When the building dries out, we'll also be able to make some small structural repairs, and we'll be able to increase leasing in the building. That will add to the Port's revenues. For new projects, we're proposing a \$1.45 million project for the installation of a new sewer main at Amador Street and for the repairs and upgrade for the Amador Street sewer pump station.

In addition, we have \$900,000 in repairs and upgrades to the Port's elevator systems that we have at our various facilities and for repairs to the escalators that are at the Pier 35 cruise terminal. Finally, we're proposing \$1.1 million for the development of new open space in the southern waterfront and for alternative energy projects that meet guidelines that are set in the Port's lease with Trans Bay Cable. The funds are coming from the environmental payments from Trans Bay. Projects that are likely to be funded -- the actual projects are still part of a community planning process. We'll also come back to the commission, and the commission will be involved as well.

Some likely candidates for funding that we would be suggesting would be improvements within the Pier 70 project area, improvements in Warm Water Cove and Islais Creek areas. In addition, other likely projects that would be funded would be installation of public art in various areas of the southern waterfront and the design of pedestrian and bicycle improvements along Illinois Street and Cargo Way.

We're also proposing to provide \$10.8 million in additional funding over the next two years for existing capital projects, projects that already exist. Those include and our biggest capital project in the whole thing is an \$8.1 million funding request for our pier structures project.

Our piers are in very bad shape. Unfortunately, whenever we need to fix one of them, it's usually not hundreds of thousands. It's usually millions. We're proposing about \$2.5 million of it would be allocated to fiscal year 2010-11 and another \$5.6 million, the balance, would be in fiscal year 2011-12.

Some projects that are highlighted as top priority repairs to use with these funds include: (1) long-term repairs to the Piers 90/92; (2) Piers 94/96 subsidence and seawall repair; (3) repairs to walls of Pier 80, Shed A and (4) repairs to the Pier 9 north apron. It's where the Blue and Gold lease site was. That's our largest project. Next, we're proposing to spend \$700,000 over the next two years to the dry dock and do some repairs to the Port's ferry terminal





floats. We've already spent money to do some emergency electrical work on the floats. We've also done some work on the fendering of the floats. There are rubber items that we've installed. This would help with the dry docking. The ferry floats have been in the water eight to 10 years now. They're getting to the time where they need to be dry docked, and the hulls need to be checked, and they need to be sandblasted and other things.

There's \$350,000 that we would like to add to the Port's ADA projects, our transition fund and transition plan. That would be primarily for an exiting study to identify deficiencies that we have in the Port's multi-tenanted buildings. With that information, our ADA architect will be able to prioritize those. It includes curb ramps and sidewalk improvements along the Embarcadero. We are proposing about \$520,000 in additional funding for projects to repair our utility infrastructure, so our utility projects fund, and for the repair of our sewer pumps that we have installed along the waterfront. A lot of them need to be rebuilt. We've had \$100,000 for that project, and we're adding some more funding to that.

We're proposing to add \$200,000 to our roofing and upgrade project for the roundhouse at roundhouse number two. The additional funding will complete that project. They had about \$200,000 before, and they finished the first phase. This will complete the second phase and complete the work on that project.

We have \$355,000 funding, which is for our southern waterfront beautification project. That will cover the Port's expected obligations generated by leasing in the southern waterfront. A small portion of new leasing or revenues from leases in the southern waterfront go to fund beautification projects, and this is a project to do that.

This is our expected obligations for the next two years. Some projects that are considered likely to be funded include planning and design improvements for beautifying the area at Third and Cargo Way. We're also looking at improvements to Tulare Park.

We're looking at some public art installations on the silos at Pier 90 and we're looking to do a pilot program for bicycle and pedestrian improvements along Cargo Way. Those cover all of the projects from the Port's operating fund.

In addition, we have two bond funds. We have \$16.2 million we're proposing in expenditures from the third sale of the park bonds. The funding represents \$16 million for the construction of the Blue Greenway parks. They'll be located in the southern waterfront.

The planning, design, sizing and location of the parks were funded by the first and second issuance of the park bonds. The second issue will happen next month. When those phases are completed, we'll have design drawings that



we can bid out and actually start constructing the parks. This will fund the construction of those parks.

The third issuance of the park bonds is expected to happen in the spring of 2011. We also have about \$200,000 for the Pier 43 Bay Link trail. That's a small amount of money that's unappropriated. It completes the funding for that project. That project is well underway.

Finally, we have just under \$140,000 in money that we found under our current, recently issued Port revenue bonds that we'd like to appropriate for the Pier 27 cruise terminal project. \$10 million of that project was appropriated by the Port Commission at the October 13, 2009 meeting that was part of the \$33 million appropriation that the Commission approved at that time. That was later approved by the board. This is just a little bit of additional money, which we'd like to appropriate for that project. So that pretty much covers all of the proposed expenditures. To give a sense of the dispersion of the expenditures in the next two years along the waterfront, the \$6 million in dredging and dredge testing is mostly going to be used for Piers 35 and 27 in the northern waterfront.

If we look at Fisherman's Wharf in the northeast waterfront, of the \$38.5 million, approximately \$6.6 million-- includes the dredging -- will go to those areas. That's approximately 7.2 percent of the total proposed funding. In the ferry building area and south beach, there's one project for \$700,000. That's 1.8 percent of the proposed two-year funding.

The southern waterfront is the big winner. They get a little under \$21 million, which is 54.6 percent of the proposed funding. The largest chunk of that is coming from the park bonds. Portwide projects, all of our projects for various repairs and maintenance along the Port is a little under \$10.2 million or 26.4 percent of the total two-year projected budget.

For the next steps, we welcome Commission's comments and input and any changes will be incorporated into the proposed biannual budget. Staff will seek Commission's approval at the February 23, 2010 meeting and it will then go the Mayor's office. It will also go to the city's capital planning committee for their review. After the mayor's office makes their changes, they will be submitting the capital budget to the Board of Supervisors in May for their approval and adoption.

Paul Charlton indicated that in looking over the financial reports, there's a lot of information. He's sure it took a lot of effort and thought to compile but it doesn't give him, as a reader, insight into what sort of decision making went on to prioritize various projects. He's speaking as a colleague who has managed complex portfolios with lots of different financial moving parts. The sort of things he wants to know when he's looking at a presentation that involves a complex portfolio come down to, if he has a limited resource in this case, which is capital, how does he prioritize who gets the capital, where the





capital goes? Typically, in his experience, you try to maximize the return on investment for the whole portfolio if you have a way of measuring it.

He understands, like public works projects, there's a question of how you measure utility and how you'd work that into a financial calculation but a lot of the projects come down to, what is the return on investment per individual project? He doesn't see the connecting pieces. When he looks at the capital plan, which is coming up to be discussed, it has a pretty good breakdown by particular property within the portfolio of capital needs but the operating budgets themselves don't dive down to that level of detail in the public presentation. Looking at that, it's hard to tell if an investment in one pier -- how that compares to an investment in another pier and whether some hard decisions should be made as to which one actually gets priority this year versus next year? What sort of revenues are associated with that particular pier and overall prioritizing the portfolio. Typically, you try to line them up by maximizing the ROI for each individual element as a way of maximizing the return on investment for the whole portfolio itself. Those are just some questions he would be asking to get some insight into the overall budgeting process. He'd be happy to discuss it with staff or anyone because he has some ideas on presentation, how to present it and how to look at it and what sort of questions to ask.

Commissioner Hardeman indicated that one thing that stood out to him was the unspent debt service funds that are going to be available, approximately \$4.5 million. That was a good decision to get that going and move that into the spending. A big problem in this country is banks and financial institutions have loads of money, and they won't let it go. When public agencies, like ours, have money, we should be spending it as fast as we can if it's there.

Commissioner Hardeman also commented on the detailed report that Mr. Brown just presented - it's detailed, but it's very brief. He complimented on his work and his colleagues.

Commissioner Brandon concurred with Commissioner Hardeman's comments. She knows that a lot of work has gone into this. During these economic times, it's great that we were able to find new sources of revenue to be able to fund a lot of these projects that have been on the books for a long time. We've been looking for funding. She commended him on being able to spread it out and to be able to actually complete some of these projects.

Lawrence Brown thanked the Commissioners for their comments and added that we're feeling a little bit better. It's always good to have a little bit of good news between the new revenue bonds and the money that we've been able to find. For the next few years, we'll have a good chunk of money to get some of these projects finished, repairs and other things and some open space commitments that we've been trying to get going.



Commissioner Hardeman indicated that we haven't given kudos to the Executive Director during her presentation. We're taking her for granted. It's so wonderful to have her around with her financial background, especially in bonds and finance, and then to get the big boost to our waterfront that she was able to do with acquiring this bond money is just fantastic. We had taken her for granted and we're so sorry about that. He thanked Ms. Moyer and everyone else for the bond money.

Monique Moyer thanked Commissioner Hardeman for his comments. She has been reflecting on, as Commissioners Hardeman and Brandon can remember, her first interview with the commission when she was nominated for Port director. She remembers casually and arrogantly saying, "Of course, we can do bonds." About a year later she realized, hell no, we can't do bonds.

Commissioner Hardeman indicated that she did eventually.

Monique Moyer indicated that she did say that and thanked him for sort of remembering that. As she mentioned earlier, it takes all of us and it particularly takes the Commission's leadership. She appreciates the Commissioner's remarks, but it's everybody's win. She hopes everybody really basks in that. What it means for a future generation is what really is important to her, and she's really proud to be part of that. She thanked the Commission for the opportunity.

Commissioner Shakofsky thanked Ms. Moyer as well and added that they didn't mean to take her for granted.

Monique Moyer replied that she didn't feel taken for granted. The Commission has been very supportive and very engaged, and she couldn't ask for more.

C. Informational presentation regarding the annual update to the Port's 10-Year Capital Plan for Fiscal Years 2011-20.

Daley Dunham, Finance and Administration, indicated that for the last four years, together with Tina Olson, he's been putting together the Port's 10-year capital plan. Starting with a little bit of process, the city administrative code requires that we update our 10-year capital plan every year and that the city submit a draft of that report to the Mayor and to the Board of Supervisors by March 1st.

The Port staff submitted to the capital planning committee (CPC) a draft of what our submission to the citywide 10-year capital plan will be in December. The plan that's currently before the Commission is a more fleshed out, detailed version. It's all-inclusive of what we have submitted to CPC.

Starting on the needs side of the ledger, this update contains \$100 million more in expenses than the prior plan. This is largely driven by cost escalation





of 3.5 percent, which is better than the prior year. Due to general economic conditions, they reduced it. Last year, it was 6.5.

Additionally, almost all of last year's costs went unfunded and went into our backlog. This is mostly our pier reinvestment fund, \$22 million of which -- all of that went unfunded and rolled into the backlog. Also, the new year that comes online becomes the 10th year of the plan. 2020 is now part of this. That is part of the increase as well.

Region to region of the Port, there weren't a lot of differences. The portwide region of the Port increased by 9 percent, which is a lot relative to the others but that's because it is home to the Pier and Wharf Reinvestment Fund, which is an amount of money we've determined we would need to put aside every year to be able to maintain all of the piers and the wharfs portwide to keep them in like-new condition or to be able to sustain them on an ongoing basis. That's equivalent to about three quarters of 1 percent of the value of those assets.

On the sources side of the ledger, we have added in 38 million new dollars over the next 10 years. That's mostly the result of this new source of funding, the Water Resources Development Act of 2007. We have the usual suite of other sources that have been in the plan in the last year or two including Port tenant obligations, the operating budget, various bonds and development projects.

There are three changes to the maps this year. Pier 43½, large portions of that were shown in red as unfunded. He turned those orange because the general obligation funds are going to demolish those parts of the structure that are out over the water. 43½ was listed as unfunded as part of our Pier 43 Bay Trail Link piece of the general obligation bonds. No change to the northeast waterfront or the ferry building part of the port.

In the south beach region, the map looks a little different than what was attached to the staff report, which has Pier 36 with no color to it, meaning it's funded by some other source. He turned it camouflage green for the Army Corps of Engineers. The new federal source of funding is the Water Resources Development Act. It supplies funding to the Army Corps, which we then pair with to do this work. This is the first year that we've been able to draw down on those funds. The removal of Pier 36 is part of the Brannan Street Wharf project.

A change to China Basin - the seawall lot 337 was currently left blank as an unimproved asset. He changed that to blue to reflect that there's going to be substantial development in the later part of the plan.

Also, there's no change to this other waterfront. Although, we're hopeful that, in the Pier 70 area, in the next few years, we'll be able to add a lot of camouflage to that part of the map. Those are some specific piece-by-piece





changes. The more thematic changes to the plan, we went from FY 2009-18 straight to 2011-20. We didn't skip anything. When we wrote the first plan in 2006, we were including the current year using a year's trailing convention for capital planning. The Port produced this plan first. We weren't astray from the city's practice at that time. The city centrally adopted a year's leading practice.

For the last three years, the way that it's been identified has been different, and it's been the source of some confusion. This year, we just bit the bullet and changed over to the year's leading convention. Also in the plan, we're a little less optimistic about the real estate market, as we probably should be.

In the plan itself, last year we had picked out individual installations that were going to benefit from infrastructure finance bonds related to seawall lot 337 development. We've taken those out and are more general in nature with those and have pushed out revenue bonds on that to the end of the 10-year plan.

One change that we're making to the draft plan that we submitted in December to CPC on the revenue side is that we had originally listed the revenues as \$760 million, which reflects the full value of the development at the Exploratorium. We improved it from \$75 million to \$175 million.

We've changed it to reflect only the assets that it will repair that are currently liabilities, not all of the capital enhancement that would be added to the Port's portfolio. The reason for that is for the same reason that capital planning using this convention of not escalating dollars all the way out because all the graphs start to look really silly and have no analytical value.

We decided only for development projects to give the same treatment here because it would paint a misleading picture to show, on the revenue side of our ledger, a billion dollars in assets for the seawall lot 337 development. So that was the reason for that.

Lastly for the first time, we have this new federal source of funding. The existing authority that we're drawing off of now is the Water Resources Development Act of 2007. It's a \$25 million authorization but the authorization doesn't give us any money. We have to be able to appropriate against it. We have not been able to do that until this year. That's the source of the camouflage on Pier 36, \$4.7 million appropriated for that project. The balance of that authority, \$20.2 million, we have submitted our appropriation request forms to Speaker Pelosi's office for the entire balance of that for the coming year, which we hope to use for Piers 35 and 70. We're hopeful about that. We should know more in three to four weeks. We'll report back when we know more. Also, out there that has a potentially really big upside is the new Water Resources Development Act, Water 2010.

We, recognizing our window of opportunity here with our congressional representative being in the speaker's office, decided to not be shy in our



request. The speaker has agreed to carry what we submitted so far, which is \$85 million in the authorization plus a provision that deals with matching funds, which is worth an extra \$20 to \$25 million to the Port.

She's agreed to carry that and submitted it to the House Transportation and Infrastructure Committee. As to whether or not that's actually going to become law, we just don't know at this point. So it's pretty speculative. It's not something we'd include in the 10-year capital plan until it is passed into law, but we're very hopeful about that.

We have a lot of positive things to think about: the issuance of the first revenue bonds in 25 years and the fact that we seem to be able to successfully add new tools to our tool box.

In recent years, we had SB815 and the ability to develop seawall lot 337, the passage of Proposition D and then the Port's, for the first time ever, inclusion in general obligation bonds even though we're an enterprise department. This year, the new tool that we've added to that box is the ability to draw down on the Water Resources Development Act, the new source of federal funding that has a real potential upside to it.

Lastly, AB 1176, which the governor shot down in poetic fashion last year. The successful legislation of that, AB 1999, seems to be in good standing at the moment. With that, I'll just say that any messages that appear as a result of bullet points on the first letter following them are purely coincidental and not intentional on my part.

Commissioner Hardeman complimented Mr. Daley for the detailed report.

Commissioner Brandon indicated that we're requesting \$80 million in funding for WRDA 2010. She asked what the funding will be for.

Daley Dunham replied that we're asking for \$85 million. It's broken into three pieces, the first of which is an authorization. We could get it, and it could take us years and years to be able to successfully appropriate against that but we've learned in the last year that these kinds of authorizations don't really expire. We'd be really happy to get the authorization no matter how long it takes us to draw down against that. There are three projects that constitute that request. One is \$40 million for derelict structure, derelict piling removal across the entire waterfront and seawall repair. We asked for that under the Army Corps navigation drift and debris removal framework, which gives us the second best cost share that they have to offer. The second project is \$45 million for Pier 70. Primarily, we've targeted that as possibly our gap financing tool. It's for, generally speaking, historic structure rehabilitation. We're thinking about the Union Ironworks building for that request. We've asked for that under the Army Corps environmental infrastructure framework, which has the best cost share. It's about three to one. At \$45 million, we're still going to have to come up with \$15. The third provision in that request has to do with cost





sharing and when we're able to be credited toward those matching requirements. It has great value to us because, often with these projects, we expend up to 20 percent of the project total by the time we reach the point with the Army Corps where we've entered into the contract, and we actually start getting credit for our matching. Also, now the Army Corps requires cash so this would fix a couple of those problems. We've asked for that to be included in the WRDA 2010 request but also be retroactive to our WRDA 2007 authority. It would apply, if it happened fast enough, to the Pier 36 Army Corps appropriation.

We're hopeful that we can get it fast enough to apply to the \$20 million. That \$20 million request, which is the balance of WRDA 2007, is actually split into two different projects. That's \$15 million for Pier 35, \$5 million for Pier 70. The \$5 million for Pier 70 is significant because it not only clear navigation hazards away and the structures there with creosote in them, so it has environmental benefits. It also gives BCDC field credits. It is a big help to the Exploratorium project moving forward.

## **7. ENGINEERING**

- A. Informational update on the Port's 2008 Clean and Safe Neighborhood Parks General Obligation Bond Capital Program.
- B. Informational update on the Port's 2008 Clean and Safe Neighborhood Parks General Obligation Bond Capital Program - Pier 43 Bay Trail Link.

Kim von Blohn, project manager in the engineering and construction group, indicated that we take all this money from the financial people and try to recycle it into the community as fast as we can and get the best value at the same time. Mr. von Blohn indicated that in February 2008, San Francisco voters approved a \$185 million general obligation bond entitled the 2008 Clean and Safe Neighborhood Parks General Obligation Bond, of which \$33.5 million is earmarked for several waterfront parks on Port property.

In the first slide in front of the Commission in the magenta colors are the parks involved in this project. The Pier 43 promenade is on the right-hand side of the page. These parks basically are starting to now connect the entire trail along the seven-and-a-half-mile waterfront. The next, as you move left or south, is the Brannan Street Wharf project.

Then, the Blue Greenway projects, the Bay Front Park and Mission Bay, Pier 70 Crane Cove park, Islais Creek and finally Heron's Head Park. The total project of \$33.5 million is comprised of \$8 million for the Bay Trail Link. That's basically the total money for that project. Three million goes towards the Brannan Street Wharf, and that's a \$25-million project that's funded by a series of other sources.



Then, finally, the Blue Greenway projects are \$21.8 million. The bonds are issued in three issuances. The first issuance was about \$3.6 million. That funded the planning and design efforts. The next issuance planned for March. The Port will receive about \$10.7 million in project funding.

The third issuance will be in the spring of 2011. As part of our efforts for value and transparency, Port staff provides monthly project status reports to the Recreation and Parks Department to be included in their 2008 Clean and Safe Neighborhood Parks bonds Web site. This is available to everybody by Web site.

In addition, Port staff has been providing the city's General Obligation Bond Oversight Committee with biannual status reports on the Port's GO-bond-funded projects. Finally, Port staff will report to the Port Commission on a regular basis to update on the status reports.

David Beaupre, Planning and Development, indicated that approximately \$22 million of the general obligation bond funds will go towards the Blue Greenway projects. Right off the bat, we identified three projects that could move forward quickly including the expense to go through a community planning process to develop the Blue Greenway design guidelines and planning document, which will help us develop guidelines for all future improvements of the Blue Greenway and Port parks and Port open spaces and in parks that are connected to it whether it's in Mission Bay or the shipyard to the south.

As part of that process, we'll be looking at existing conditions, opportunities and constraints and best practices. We're aiming to have an April workshop. He will be coordinating with the Commission's schedules and availability to host the first community workshop.

The second step will be to identify program uses for each of the open spaces on Port projects, preliminary cost estimates and an initial prioritization of projects. If we have about \$22 million for Blue Greenway projects, we anticipate the Port needs could be in excess of \$100 million.

We need to figure out where the \$20 million is prioritized. In addition, we'll look at programming and uses of the parks. What's the most appropriate use of the various parks up and down the waterfront, locations for public art, interpretation and signage. We'll finalize the plan towards the end of the year on where we start initially with the money that we have and how we tie the entire system together.

We're aiming to have the first workshop in April that will lay the foundation for that planning work. This exhibit illustrates the various parks highlighted in the bond project that we can spend the money on. There's Bayfront Park, Crane Cove Park, Warm Water Cove, improvements at Islais Creek and improvements at Heron's Head Park.





The other two projects that we prioritized right at the start are the improvements to Bayfront Park. We'll be coming back to the Port Commission at the next meeting to present a design concept for the improvements to that.

Bay Front Park is located between Pier 54 and Agua Vista Park. The park will be improved by the Redevelopment Agency as a part of the Mission Bay redevelopment plan but the Port was responsible for the shoreline edge of this park. The existing condition in those photographs below illustrate that this entire part of the waterfront is fenced off and non-accessible.

These improvements will allow the park area to actually expand up to approximately two additional acres and will allow the park to live up to its namesake, Bayfront Park, and allow people to get out to the water's edge. The third project we initiated right at the start was the redesign and improvement to the entrance to Heron's Head Park.

This is what we've identified in this graphic as looking at the opportunity area. We've started a planning process working with the community, our Southern Waterfront Advisory Committee, the Bayview Hunter's Point Project Area Committee, the India Basin Neighborhood Association, Literacy for Environmental Justice and a number of community and open-space advocates on what are the opportunities for improving this part of the project.

We're aiming to come back to the Commission in early April with a design concept for approval so that this project can move into construction ideally in this year. Larry had mentioned a number of other open-space projects in the southern waterfront.

We prepared handouts that provide an overview of not only how the general obligation fundings are being spent but how some of those other revenues, whether it's from the Trans Bay Cable project or their southern waterfront beautification projects, how they kind of overlap into the Blue Greenway planning and how we might spend that money, which of course will be coming back to the Port Commission for consideration, the funding for the individual projects and the design for individual projects as we move forward.

Kim von Blohn provided an update on the Brannan Street Wharf project. We're about two thirds of the way through the design on this project. This will remove Pier 36 and provide a 56,000-square-foot new park out over the water, over 850 feet of waterfront.

This slide shows the plan view of the project. The green area is about 24,000 square feet of grass supported out on the deck over the water. To the right is a 2,400-square-foot float for small craft with complete ADA access and a boat launch area.





We've recently completed design review with both the BCDC Design Review Board and the Port's Waterfront Design Advisory Committee. We expect to get the final EIR certificates in August. We're two thirds of the way through engineering. As Daley mentioned, we've got federal funding through the WRDA funds, which basically get spent through the Army Corps of Engineers' efforts.

Like all good projects, we wish we had more money but the funding allocation at the moment is mostly through Port funds, \$17.5 million. Three million comes through the GO bond funds. Then, about \$4.7 million through the federal WRDA funding.

This is a match through the Army Corps of Engineers. What they would do is they would take on the work for demolishing Pier 36. They would issue a separate contract to do that. That comes out of the Port's scope, and it's transferred over to the Army Corps of Engineers.

As part of our design development process, we go through value engineering. At this point, we're looking at methods to try to save some money by changing the piling arrangement, some of the construction methods for the deck of the wharf itself. In the final analysis, we may have additive alternates in our bid to take advantage of low-bid opportunities.

We had planned to finish this project in August 2012. The bad news about the free money is that it hurts our schedule a little bit. It looks like, at the moment, we're anticipating a four-month delay because the Army Corps has to complete their work of demolishing Pier 36 before we can do our construction work. This would extend completion to December 2012.

Pier 43 is a project between Powell and Taylor Streets. It's an existing parking lot over the water that's been red tagged. The project will demolish that. It will leave a stretch in the yellow area. There's sort of a pathway out to the top of the screen, which is the existing bell tower. If funding permits, we will either repair the walkway out there or put a new one in there but it's not part of the base project so that would go in as an additive alternate.

The base project is a 35-foot-wide path, which is about 20 feet out over the water along the Embarcadero. If funding does permit, we would do the bell tower. There's a small area in front of the Franciscan restaurant that needs repairs. Then, we would extend it further north to the left of the screen. This shows a section through the promenade. About 20 feet is extended out over the water supported by piles. This also would repair a turn-of-the-century bulkhead seawall and install some additional riprap.

The project is about one third of the way through the design process. We've initiated BCDC and Waterfront Design Advisory Committee's reviews. We've adopted a mitigated negative declaration consistent with CEQA. We're about one third of the way through the engineering. We're on schedule so far. We're



looking to complete this in July 2012. Like all good projects, we'd like to have more money. The base project is fairly close at this stage of design. We're about \$400,000 short.

During the early stages of design, we put large contingencies in that we use up as the design gets developed further. If possible, we'd like to do some repairs. We'd like to install a walkway out to the bell tower and then add some other improvements over to the west side.

So these could be bid as alternates in the bid cycle, or we could get more money from another source. Bay Trails apparently is interested in the bell tower path.

Commissioner Brandon had a question regarding the Blue Greenway projects. She has been following this for a while now. She's not sure why we're limiting the Heron's Head expansion to \$550,000 when there is so much new open space and so much that could be done with that area. It's the only area in the southern waterfront at this point that gives people access to the water for enjoyment. She's wondering why we're limited to the bare bones.

David Beaupre replied that we are not limited. Based on the recent outreach we did, when the first bonds were issued, we didn't know what the scope of the project would be. We said, maybe the scope would just be limited to the existing entry and parking lot. We hadn't gone through the planning process. A team of us got together and said, what would be an appropriate cost for looking at just the existing space that's being used for parking? How would we improve it and bring that to the street? We came up with an estimate of around \$500,000 for construction costs. Now that we've gone out, talked with the community, various stakeholders, recognizing that there are other sources of funding for some of the other projects that we're working on now, when we come back to the Commission hopefully in early April at the latest, that we've kind of expanded the scope. We'll have a better understanding of what the costs are. We're doing a cost estimate but we're probably likely going to double that budget for that project.

Commissioner Brandon indicated that since we do, at this point, have the funds, regardless of what the other revenue avenues are, she thinks that, since it is a park bond funding, that we should use it for improvements to the parks. There should be a real one in the southern waterfront. It would be a great first step.

David Beaupre indicated that we've been talking with finance a little bit about how we can capture some of that additional future bond fund to reinvest into that project. We have the capacity to do that so we'll continue to work with the finance department.





Commissioner Brandon indicated that she's kind of confused on why we have to look for other funding to be able to do that when we have the funding right here, and it's not allocated.

David Beaupre replied that we don't necessarily need to but as a part of the first bond sale, we received about \$500,000 for the design and improvements to Heron's Head Park. As part of the second bond sale, which is going to occur within the next month, for the Blue Greenway, we're going to have bond funds to do the design and improvements for all of the rest of the projects. That money was earmarked for detailed design work for all of the other Blue Greenway projects.

Commissioner Brandon indicated that from the \$10,700,000 that we're about to go out with, \$3 million will be for Bayfront Shoreline Park and the rest will be for planning for all the other projects.

David Beaupre indicated that they will be for planning and detailed design. He hopes that we can use some of that money to expand and improve Heron's Head Park to the level that the community and the Commissioner are referring to.

Commissioner Shakofsky seconded Commissioner Brandon's comments. Heron's Head Park is one of the nicer parks that we actually have and it should and could be enhanced and could be a real gem on our waterfront. She's not taking anything away from Warm Water Cove but Heron's Head Park is a lovely amenity. It would be nice if we could find more resources for that.

David Beaupre replied that he's confident that we will be able to find more resources for this project. Going through the process where we've worked with the community and heard from the various members, we now want to look at improving the entire opportunity area. While we had initially cost estimated out the smaller portion of it for around \$550,000, now we're looking at a plan for the entire area. We think the budget will probably double that. He's confident that we will find the funds to do that improvement and he's looking forward to sharing with the Commission the concept for that at the earliest possible point.

Commissioner Brandon indicated that she's had several meetings regarding this. She doesn't want to keep going down this road where we may do it in the future. If we're in the planning stages and we're appropriating funds, this is the time to appropriate it. She keeps asking for specific numbers of where this money is allocated, and where does it have to go versus what's left over for us to be able to figure out what we're going to do with it.

She keeps getting lump sums like we have \$10 million for this or \$5 million for that but she can't figure out what is appropriated at Warm Water Cove.



What's appropriated at Crane Cove Park? All she knows is \$550,000 at Heron's Head Park and \$3 million at Bayfront Park.

David Beaupre indicated that is part of the planning process that's underway now. Hopefully, in April, as a part of that community workshop, we can get the community to weigh in on where the projects prioritize. When we went through the general obligation planning process for the bonds, Brannan Street Wharf and the Pier 43 Bay Link projects had gone through the planning process. They were specifically identified. We identified exactly how much money was going to go to those two projects. \$8 million for Bay Trail Link, \$3 million towards Brannan Street. The Blue Greenway hadn't gone through the same planning process that those two projects had. We're a little bit further behind. We left it somewhat general but said there would be approximately \$22 million. We identified Bayfront Park as an early project because it's one that the community and the citizens asked for as a part of the planning process. We knew that we could do Heron's Head Park right off the bat. We took a wild guess as to what we thought the level of improvements would be. Unfortunately, we shot low instead of high but the funding is still available. We can allocate it towards that park so that we can deliver the park. As we get through the planning process, we'll identify how the rest of that \$14 million or \$15 million gets distributed amongst those other three parks.

Monique Moyer indicated that in reality, what's happening is the city, on behalf of the needs driven by Rec and Park, is issuing this next series of bonds a little faster than our planning process is ready for. In a perfect world, we would have those answers before the city issued their bonds but if we don't go with them in March, we wait another year. That's where the conundrum is coming from.

Commissioner Brandon indicated that she can appreciate that. She doesn't understand what it is that we're going to have in this issuance, what we're actually saying we're going to do with the money other than \$10.6 million

Monique Moyer replied that for purposes of the appropriation that the city went for and for the information that'll be shown to bond holders, it's as vague as you are seeing it. What David is committing to is that, as we draw down those monies, we'll have to come through the Port Commission for approvals. Just because the money is going to be issued in March by the city, we're not necessarily drawing down those funds. That still has to come to the Commission for further discussion and appropriation. She apologized for the timing; it's not ideal but we're clear on the direction.

Commissioner Brandon indicated that all these new open space projects are extremely exciting. She thanked David Beaupre and everyone and appreciates all the hard work they're putting into this.



Monique Moyer indicated that staff appreciates the Commissioner's feedback. Heron's Head has evolved even before we start talking about the bond. It's going to be great.

Commissioner Shakofsky seconded Commissioner Brandon's comments, not only the prioritization but our parks are one of the improvements that we do have funding for now. If we can make that a priority for this year too. She realizes that our planning process has slipped for reasons she's not clear about either but we've got funding for our parks now. It would be great if we could move as quickly as we can with these funds and with our planning process.

Monique Moyer indicated that with respect to the planning process, we're exactly where we anticipated being. In the bond measure, we were afforded the opportunity to participate, and we participated as big as we could get support for from the city. We were very fortunate to be able to get support for some plans that hadn't yet been crystallized. That's where we're working on now. She thinks the Commission will be pleased.

**8. NEW BUSINESS**

**9. PUBLIC COMMENT**

**10. ADJOURNMENT**

ACTION: Commissioner Hardeman moved approval to adjourn the meeting; Commissioner Brandon seconded the motion. All of the Commissioners were in favor.

Commission Vice President Stephanie Shakofsky adjourned the meeting at 5:06 p.m.







## **NOTICE OF CANCELLED MEETING**

The following Regular Port Commission Meeting has been  
**CANCELLED:**

**FEBRUARY 23, 2010**

The Next Regular Port Commission Meeting is scheduled on:

**TUESDAY, MARCH 9, 2010**  
**2:00 P.M. – CLOSED SESSION**  
**3:15 P.M. - OPEN SESSION**

The meeting will be held in the  
Port Commission Hearing Room  
Second Floor, Ferry Building

02-19-10P01:03 RCVD

San Francisco Port Commission  
Pier 1, San Francisco, CA 94111  
(415) 274-0406

GOVERNMENT  
DOCUMENTS DEPT

FEB 19 2010



# NOTICE OF CANCELLED MEETINGS

Due to the current situation, all meetings have been cancelled until further notice.

We apologize for any inconvenience.

Thank you for your understanding and patience.

Respectfully,  
[Signature]  
[Name]  
[Title]

For more information, please contact [Phone Number] or [Email Address].









